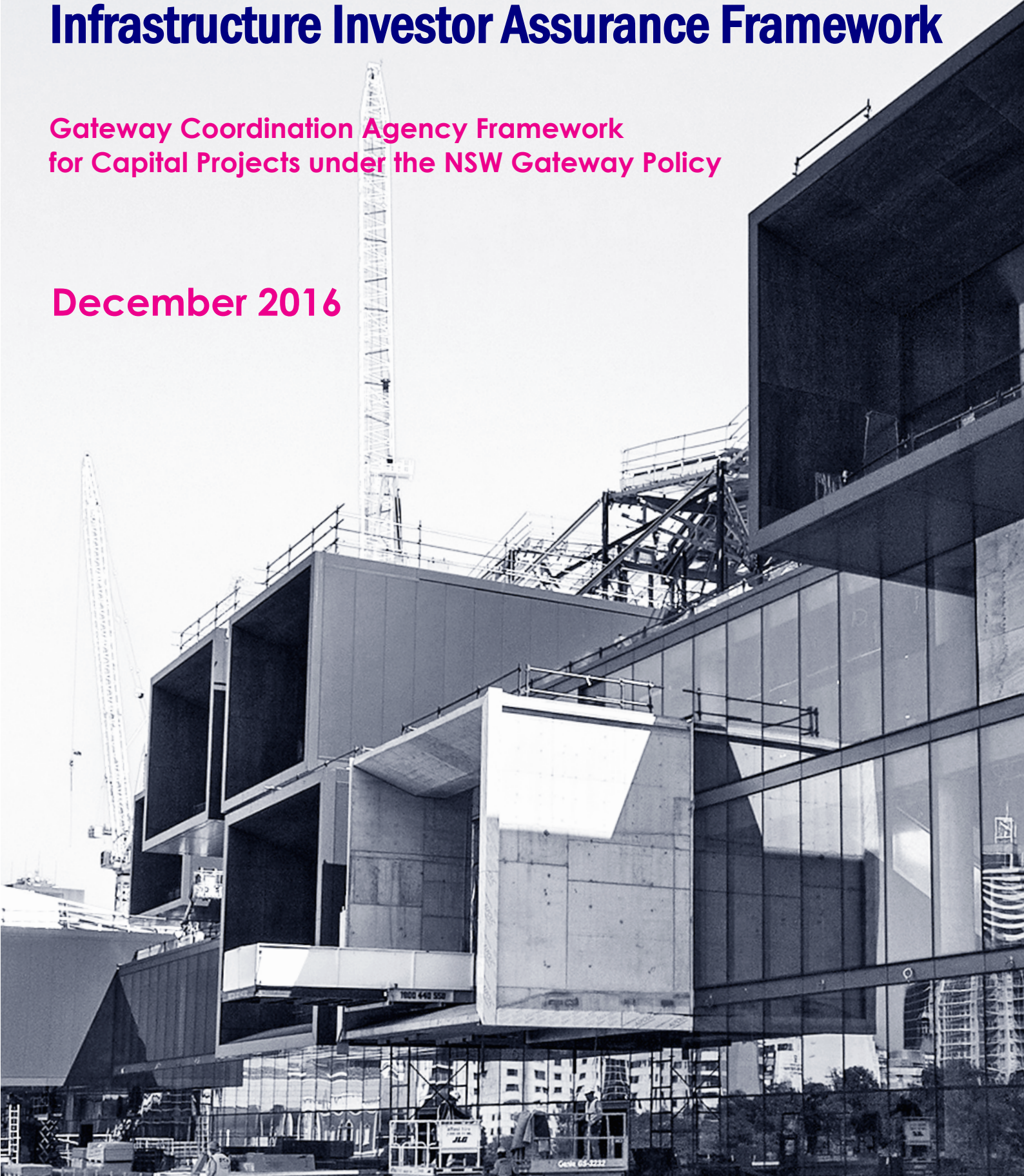


Infrastructure Investor Assurance Framework

Gateway Coordination Agency Framework
for Capital Projects under the NSW Gateway Policy

December 2016



Summary

Project Name	Infrastructure Investor Assurance Framework
Responsible Minister	Minister for Transport and Infrastructure
Cluster	Premier and Cabinet
Gateway Coordination Agency	Infrastructure NSW
Sponsor contact details	<p>Head of Investor Assurance</p> <p>Infrastructure NSW</p> <p>Level 15, Macquarie House, 167 Macquarie Street, Sydney NSW 2000 P+612 8016 0100 E assurance@infrastructure.nsw.gov.au W www.insw.com</p>
Priority	High
Objectives	The application of an independent risk-based assurance process for the State's capital projects to identify the level of confidence that can be provided to the nominated sub-committees of Cabinet that the State's capital projects are being effectively developed and delivered in accordance with the Government's objectives.
Strategic benefits	<ul style="list-style-type: none"> ▪ Increasing transparency regarding project development/delivery risks and progress; ▪ Improving public confidence in the timely provision of value for money infrastructure; and ▪ Contributing to jobs growth and the State's competitiveness through the delivery of productive infrastructure.
Relationship with Government policies	<p>NSW Gateway Policy</p> <p>NSW Treasury Guidelines for Capital Business Cases</p>
Proposed commencement	Ongoing

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Acronyms

Abbreviation	Definition
CEO	Chief Executive Officer
ECI	Early Contractor Involvement
ETC	Estimated Total Cost
FBC	Final Business Case
GCA	Gateway Coordination Agency
GIS	Geographical Information Systems
HPHR	High Profile/High Risk
ICT	Information and Communications Technology
IIAC	Infrastructure Investor Assurance Committee
IIAF	Infrastructure Investor Assurance Framework
PBC	Preliminary Business Case
PJRC	Project Justification (Gate 0) Review Committee
RAP	Reporting and Assurance Portal
RRAG	Risk Review Advisory Group
SBC	Strategic Business Case
SOC	State Owned Corporation
SRO	Senior Responsible Officer
TfNSW	Transport for NSW

Glossary

Term	Definition
Cabinet	For the purposes of this document, Cabinet refers to the full Cabinet of the NSW Government and any relevant standing sub-committees of Cabinet.
Capital project	A project primarily comprised of one or more of the following elements: <ul style="list-style-type: none"> ▪ Infrastructure ▪ Equipment ▪ Property developments ▪ Operational technology that forms a component of a capital project
Clearance of gate	Notification to a delivery agency by Infrastructure NSW that a Gateway Review or Health Check for a project has been cleared and an appropriate Close-out Plan is in place to assist with project development or delivery. It does not constitute approval or an endorsement of a Gateway Review or Health Check.
Close-out Plan	Document outlining actions, responsibilities, accountabilities and timeframes that respond to recommendations identified in Gateway Review and Health Check Final Reports.
Cluster Assurance Plan	A document prepared by Infrastructure NSW in collaboration with delivery agencies outlining assurance requirements for delivering projects/programs over the financial year. These plans will be produced annually and updated quarterly.
Complex project	A project delivered in multiple stages and potentially across varying time periods. This could also be across a large (but connected) geography. Individual project stages may be identified during the development phase or during the procurement and delivery phases. This occurs when individual project stages are being procured and delivered under different contracts and potentially over different time periods. In some cases, these individual project stages may have a different Project Tier to the overall complex project.
Deep Dive Reviews	Deep Dive Reviews are similar to a Health Check but focus on a particular issue or limited terms of reference rather than the full range of issues normally considered at a Health Check. These Reviews are generally undertaken in response to issues being raised by key stakeholders to the project or at the direction of the relevant Government Minister.
Delivery Agency	The Government agency tasked with developing and / or delivering a project applicable under this Framework and the NSW Gateway Policy.
Equipment	The necessary assets used on or to support an infrastructure system and can include fleet and rolling stock.
Expert Reviewer Advisory Group	An advisory group providing advice on Expert Reviewer capability, gaps and requirements to support a high performing Expert Reviewer Panel.
Expert Reviewer Panel	Panel comprising independent highly qualified Expert Reviewers established to cover all aspects of Gateway Review needs.
Gate	Particular decision point(s) in a project/program's lifecycle when a Gateway Review may be undertaken.

Term	Definition
Gateway Coordination Agency	The agency responsible for the design and administration of an approved, risk-based model for the assessment of projects/programs, the coordination of Gateway Reviews and the reporting of performance of the Gateway Review Process.
Gateway Review	<p>A Review of a project/program by an independent team of experienced practitioners at a specific key decision point (gate) in the project/program's lifecycle.</p> <p>A Gateway Review is a short, focused, independent expert appraisal of the project/program that highlights risks and issues, which if not addressed may threaten successful delivery. It provides a view of the current progress of a project/program and assurance that it can proceed successfully to the next stage if any critical recommendations are addressed.</p>
Gateway Review Manager	The Gateway Review Manager guides the implementation of the Gateway Review or Health Check. The Manager facilitates the Review, but does not participate in the Review.
Gateway Review Process	A series of Gateway Reviews held at key decision points in a project/program's lifecycle.
GCA Framework	A framework, designed and operated by a GCA, that assesses the risks associated with a project or program of a particular nature in order to determine the application of Gateway. A GCA Framework defines the roles and responsibilities to deliver Gateway and should align with the Gateway review process outlined in the NSW Gateway Policy.
Health Check	Independent Reviews carried out by a team of experienced practitioners seeking to identify issues in a project/program which may arise between Gateway Reviews.
ICT project	Resources required to acquire, process, store and disseminate information. This includes stand-alone operational technology projects and programs.
Infrastructure	The basic services, facilities and installations to support society and can include water, wastewater, transport, sport and culture, power, policy, justice, health education and family and community services.
Infrastructure NSW Assurance Team	The dedicated team within Infrastructure NSW responsible for implementing and administering the IIAF including organising Reviews.
Infrastructure NSW Reporting and Assurance Portal	Online portal administered by Infrastructure NSW for the management of IIAF functions.
Investor	The Government, representing the State of NSW.
Mixed project	A project or program that contain a material combination of elements relating to multiple GCA frameworks.
Modified Project Assurance Plan	<p>Document prepared by delivery agencies and lodged with Infrastructure NSW for endorsement after completion of a particular Gateway Review, after which a program or complex project may be considered in its component parts. For complex projects this would be individual stages, for programs this would be individual projects or sub-programs.</p> <p>The Modified Project Assurance Plan outlines the proposed delivery agency assurance arrangements for future Gateway Reviews for each individual component of work initiated (stage/project/sub-program).</p>

Term	Definition
Operational technology	Can include systems that relate to service delivery, such as tolling systems, rail signalling or technology to support a new school or hospital.
Policy Owner	For the purpose of the NSW Gateway Policy, the Policy owner is NSW Treasury.
Portfolio	The totality of an organisation's capital investment program.
Program	<p>A temporary, flexible organisation created to coordinate, direct and oversee the implementation of a set of related projects and activities in order to deliver outcomes and benefits related to the organisation's strategic objectives. A program is likely to be longer term and have a life that spans several years. Programs typically deal with outcomes; whereas projects deal with outputs.</p> <p>Projects that form part of a program may be grouped together for a variety of reasons including spatial co-location (e.g. Western Sydney Infrastructure Program), the similar nature of the projects (e.g. Bridges for the Bush) or projects collectively achieving an outcome (e.g. 2018 Rail Timetable). Programs provide an umbrella under which these projects can be coordinated.</p> <p>The component parts of a program are usually individual projects or smaller groups of projects (sub-programs). In some cases, these individual projects or sub-programs may have a different Project Tier to the overall program.</p>
Project	<p>A temporary organisation, usually existing for a much shorter duration than a program, which will deliver one or more outputs in accordance with an agreed business case. Under the IIAF a capital project is defined as infrastructure, equipment, property developments or operational technology that forms a component of a capital project.</p> <p>Projects are typically delivered in a defined time period on a defined site. Projects have a clear start and finish. Projects may be restricted to one geographic site or cover a large geographical area, however, will be linked and not be geographically diverse.</p> <p>A particular project may or may not be part of a program.</p> <p>Where a project is delivered in multiple stages and potentially across varying time periods it is considered a 'complex project'. Refer to the definition for 'complex project'.</p>
Project Assurance Plan	<p>Document prepared by delivery agencies and lodged with Infrastructure NSW for endorsement when registering projects via the Reporting and Assurance Portal.</p> <p>Project Assurance Plans detail proposed delivery agency initiated project assurance arrangements in line with the IIAF requirements.</p>
Project Justification (Gate 0) Review Committee	Committee performing Gate 0 Reviews which involves providing advice and recommendations on delivery agency submissions on project need, strategic alignment and planning to advance a project to strategic and final business cases.
Project risk profile tool	Online tool as part of the Reporting and Assurance Portal available to delivery agencies to self-assess risk profile of projects/programs.
Project Tier	Tier-based classification of project profile and risk potential based on the project's estimated total cost and qualitative risk profile criteria (level of government priority, interface complexity, procurement complexity, agency capability and whether it is deemed as an essential service). The Project Tier classification is comprised of four Project Tiers, where Tier 1 encompasses projects deemed as being the highest risk and profile (Tier 1 – High Profile/High Risk projects), and Tier 4 with the lowest risk profile.

Term	Definition
Property developments	Wholesale and/or retail urban renewal or Greenfield developments managed by the Government where a capital investment over \$10 million has been made to facilitate those developments.
Recurrent proposal	Proposals that require funding for additional staff, outsourced service provision, legislative or regulatory changes including taxes and revenue or grants, as a result of new Government policies or programs or where there is a significant change in the current funding for an existing policy/program (outside the scope of an agreed parameter and technical adjustment).
Regular project reporting	Routine reporting of projects (based on Project Tier) prepared by Infrastructure NSW and provided to bodies including the Infrastructure Investor Assurance Committee and Cabinet.
Review Team	A team of expert independent reviewers, sourced from the Expert Reviewer Panel engaged to undertake a Gateway Review, Health Check or Deep Dive Review.
Risk Review Advisory Group	An advisory group providing advice to Infrastructure Investor Assurance Committee on proposed Project Tier and Project Assurance Plans provided by delivery agencies and reviewed by Infrastructure NSW.
Senior Responsible Officer	The delivery agency executive with strategic responsibility and the single point of overall accountability for a project/program. Refer to Attachment B for further detail.

1 INTRODUCTION

The NSW Government has agreed to establish the Infrastructure Investor Assurance Framework (IIAF) to better apply the level of external independent assurance through the NSW Gateway Review System based on risk. This document outlines the IIAF, a Gateway Coordination Agency (GCA) framework for capital projects as an element of NSW Gateway Policy. The IIAF is structured in two parts:

- Framework principles; and
- Framework arrangements.

The objective of the IIAF is to ensure the Government's key infrastructure projects across NSW are delivered on time and on budget through the implementation of this risk-based external assurance Framework. The purpose of the IIAF is also to ensure that Cabinet and the Minister for Infrastructure are supported by effective tools to monitor the NSW Government's infrastructure program, receive early warning of any emerging issues, and to act ahead of time to prevent projects from failing.

1.1 Capital performance review

In November 2013, the NSW Government undertook a Capital Performance Review aimed at lifting the quality of oversight and the effectiveness of decision-making across government for major capital investments. The review set out to define good practice principles, undertake a gap analysis of current frameworks, review practice in NSW and elsewhere, and identify ways to improve assurance for major projects in NSW.

The review, sponsored by Infrastructure NSW and NSW Treasury, was assisted by an Executive Steering Group comprising the CEO of Infrastructure NSW, Secretary of NSW Treasury, and senior executives of Transport for NSW (TfNSW), Ministry of Health, Sydney Water and Ausgrid.

The Capital Performance Review sought to understand the outcomes government infrastructure expenditure is achieving, and to identify ways that government can improve value for money outcomes and mitigate risk across the infrastructure lifecycle, from early stage planning and prioritisation through to delivery and procurement and managing the use of its assets. Specifically, the review sought to:

- Identify what drives capital decision-making and how well agencies make these decisions, comparing regulated with non-regulated agencies, and consider how well existing assets are being used; and
- Identify best practice in asset management, project procurement, project delivery and apply learnings across agencies.

The principal finding of the Review was that there is a need for stronger investor oversight and assurance. In practise, it is too often the case that assurance protocols follow rather than precede project commitments. The implication of this is that the Government as an investor is playing ‘catch-up’ with the Government as a deliverer.

The Review found that the most critical opportunity to improve capital performance lies in improving the processes used at the centre of government, with a specific focus on the “investor perspective” and the role of the investor at all stages of the capital investment lifecycle. The role of the investor is to ensure that scarce capital is used as effectively as possible to deliver defined social, economic and other outcomes. It is a broader perspective than that of a project team, which is generally focused on outputs such as the delivery of scope as specified, on time and within budget. Strengthening the investor oversight and assurance function provides a foundation for enhancing agency practices and improving investment outcomes.

To ensure “whole of government” investor oversight of major capital projects over \$100 million, in December 2014 the NSW Government endorsed the outline of the Infrastructure Investor Assurance Framework (IIAF) proposed by Infrastructure NSW as the GCA. This also included approval to establish the Infrastructure Investor Assurance Committee (IIAC) convened, chaired and managed by Infrastructure NSW

1.2 Auditor General’s report

In May 2015, the Audit Office of NSW released the *New South Wales Auditor-General’s Report Performance Audit Large construction projects: Independent assurance*.¹ This Audit Report tested the effectiveness of the NSW capital project assurance processes, and compliance with these in the case studies evaluated. The Auditor-General made several observations around the investor assurance framework including:

- NSW has “*adopted a relatively low monetary threshold for mandatory Gateway reviews for preliminary and final business cases compared to other jurisdictions. There is scope for New South Wales to focus its Gateway efforts more towards larger, more complex projects.*”
- NSW was “*the only jurisdiction requiring mandatory Gateway reviews at the preliminary and final business case stages for projects not assessed as high risk, and costing as low as \$10 million.*”
- Current NSW guidance on Gateway reviews “*has no requirement to tailor the duration of a review or the composition of the review panel in terms of skills or size to the value, risk or complexity of the project. We consider this is a deficiency in the guidance material, which could take greater account of risk.*”

¹ Auditor-General of NSW (2015), *Performance Audit Large construction projects: Independent assurance*, Sydney, 7 May 2015. http://www.audit.nsw.gov.au/ArticleDocuments/362/01_Large_Construction_Projects_Independent_Assurance_Complete_Full_Report.pdf.aspx

- *“In view of these disparities, there is an argument that aspects of the capital project assurance system, including Gateway reviews, could have a greater focus on larger, more complex projects.”*

The recommendations of this Audit Report included:

- *“The Treasury should: review the capital project assurance system for capital projects costing less than \$100 million, including the Gateway review process and its monetary thresholds to introduce a greater focus on project risk, noting that cost is only one component of risk (by December 2015); enhance assurance processes surrounding major scope variations (by December 2015).”*
- *“Infrastructure NSW should: report publicly on implementation of, and compliance with, the Investor Assurance Framework (by December 2015).”*

In June 2015, the NSW Government decided to further enhance the governance and oversight of capital projects by:

- moving responsibility for all independent assurance of capital projects valued at \$10 million or greater to Infrastructure NSW, being supported by IIAC; and
- requiring project assurance reports to be routinely examined by Cabinet.

Infrastructure NSW began transitioning all independent assurance for capital projects in June 2015. At the same time as these transition arrangements were put in place, development of the full policy framework to support its new role began. The final IIAF policy document was endorsed by Government in June 2016.

In July 2016, NSW Treasury issued a Treasury Circular (TC16-09)² advising all relevant delivery agencies that they are required to adhere to the protocols as outlined in the IIAF policy document administered by Infrastructure NSW.

Infrastructure NSW reported on key metrics for the first year of investor assurance activities under the IIAF for the first time in its 2015-16 Annual Report³.

² http://www.treasury.nsw.gov.au/__data/assets/pdf_file/0009/128907/TC16-09_Infrastructure_Investor_Assurance_Framework_IIAF_-_pdf.pdf

³ http://www.infrastructure.nsw.gov.au/media/57057/infrastructure_nsw_annual_report_2015-2016.pdf

2 FRAMEWORK PRINCIPLES

2.1 Infrastructure investor assurance

The *NSW Infrastructure Investor Assurance Framework (IIAF)* is an independent⁴ risk-based assurance process for the State's capital projects. It identifies the level of confidence that can be provided to Cabinet that the State's capital projects are being effectively developed and delivered in accordance with the Government's objectives.

The key features of the framework are:

- A single point of accountability for independent assurance across all capital projects/programs vested in Infrastructure NSW, reporting to the Minister for Infrastructure;
- A focus on what matters by taking a tiered approach based on risk assessment;
- Ensuring collective accountability among delivery agency Secretaries / CEOs for best-for-Government outcomes through the IIAC, reporting through Infrastructure NSW to the Minister for Infrastructure and Cabinet;
- Escalating the levels of scrutiny and/or interventions applied to projects as and when emerging risks are reported/detected; and
- Improved reporting and data collection through the development of a single fit-for-purpose reporting tool.

Infrastructure investor assurance is applied through a range of tools including:

- A series of short, focused, independent peer Reviews at key project milestones. The peer Reviews are independent of delivery agencies and projects and include Gateway Reviews and periodic Health Checks⁵;
- Risk-based project reporting provided by delivery agencies; and
- Risk-based project monitoring conducted by Infrastructure NSW.

Infrastructure investor assurance is not an audit, approval or an endorsement process. Rather, it is a process to complement project development and delivery to aid prevention of project failure.

The IIAF does not take away from:

- Delivery agency project management or assurance requirements to meet internal governance arrangements; or
- The need to prepare business cases to support funding decisions in the event that a project does not require a Gateway Review under the IIAF.

⁴ Independent refers to independent of a delivery agency and a project team.

⁵ Refer to detailed definition of Gateway Reviews and Health Checks in Section 3.3.1

2.2 Benefits

Moving to a risk-based approach, managed by a centralised independent body, will achieve the following benefits for the Government and the public:

- A consistent whole-of-government approach to investor assurance;
- A focus on the outcomes or benefits delivered as a result of the investment in infrastructure, and not just the outputs (built form);
- A regular level of due diligence that reflects the level of budget risk and complexity for each project, focusing investor assurance resources towards high risk complex projects;
- Increasing transparency for Government regarding project development/delivery risks and progress;
- Contributing to improved levels of compliance with the Gateway Review process applied from the commencement of project development to project implementation;
- Fostering the sharing of skills, resources, experience and lessons learned within and across the government sector;
- More systematic and transparent metrics for Government;
- Greater analytic support for the Government as an investor, before and after an investment decision has been made, rather than project-level assurance only;
- Improving public confidence in the timely provision of value for money infrastructure; and
- Contributing to jobs growth and the State's competitiveness through the delivery of productive infrastructure.

2.3 Application

The IIAF applies⁶ to all capital projects being developed and/or delivered by General Government agencies and Government Businesses as well as capital projects being developed or delivered by State Owned Corporations as required by NSW Treasury. Secretaries and Chief Executives are accountable for ensuring all capital projects meet the requirements of the IIAF. Capital projects include:

- Infrastructure⁷;
- Equipment⁷;
- Property developments⁷;
- Operational technology that forms a component of a capital project⁷; or
- Other projects or programs as directed by Cabinet⁸.

⁶ http://www.treasury.nsw.gov.au/__data/assets/pdf_file/0009/128907/TC16-09_Infrastructure_Investor_Assurance_Framework_IIAF_-_pdf.pdf

⁷ Refer to definitions in Glossary.

⁸ Or as directed by the Premier or Minister for Infrastructure.

Projects will fall within the scope of the IIAF if they meet the following criteria:

- New projects;
- Projects yet to submit a business case to NSW Treasury, unless excluded by the GCA;
- Projects currently in procurement or in delivery, unless excluded by the GCA; and
- Projects otherwise nominated by the Policy Owner.

2.4 Threshold

All capital projects valued at an estimated total cost (ETC) of \$10 million and above are to be registered with Infrastructure NSW via the Reporting and Assurance Portal (RAP). It is mandatory for these projects to be reviewed to consider the Project Tier and the Project Assurance Plan. This is to determine the applicability of Gateway Reviews and level of project reporting and monitoring required.

2.5 Project Tier and Project Assurance Plan

Initial Project Tier assessments are made by delivery agencies through an online Project Risk Profile Tool when registering a project on the Infrastructure NSW RAP. Delivery agencies also lodge an initial Project Assurance Plan for endorsement when registering. The Project Assurance Plan must meet the minimum requirement for Gateway Reviews outlined in this Framework.

Following review by the Infrastructure NSW Assurance Team and advice from the Risk Review Advisory Group, Infrastructure NSW will make recommendations to the IIAC seeking endorsement of the Project Tier and Project Assurance Plan for each project.⁹

Where the Risk Review Advisory Group advice in relation to the Project Tier and Project Assurance Plan is contrary to that nominated by the delivery agency, the delivery agency will be offered a 'right of reply'. The 'right of reply' provides the agency with an opportunity to contest the nomination with justification before the advice is provided to IIAC for endorsement.

The Project Tier and Project Assurance Plans will be reported to Cabinet for noting. Delivery agencies will then be notified of the endorsed Project Tier and Project Assurance Plan for each project. This process is detailed in **Attachment A**.

Delivery agencies are required to update the Project Tier on the Infrastructure NSW RAP, in consultation with Infrastructure NSW, for all projects:

- Where there are material changes to project risk/profile criteria, scope, procurement or budget; or
- Upon request by Infrastructure NSW.

⁹ Refer to 2.9 Responsibilities.

Project Tiers will be routinely reviewed by the Infrastructure NSW Assurance Team after each Gateway Review. If a change is considered to be required, advice from the Risk Review Advisory Group will be sought before Infrastructure NSW will make recommendations to IIAC seeking endorsement of the amended Project Tier and corresponding Project Assurance Plan.

2.6 Confidentiality

It is in the public interest that project confidentiality is retained so that issues can be openly identified and 'best for project' mitigations can be developed and actioned immediately. Government as the investor also needs transparency to take decisions.

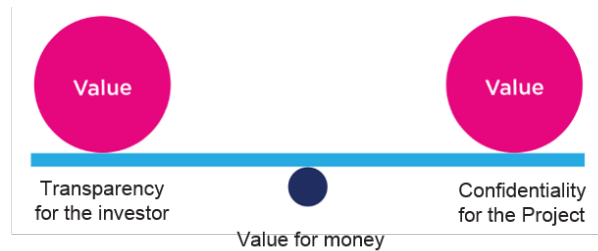


Figure 1 Confidentiality balance

Infrastructure investor assurance is a confidential process seeking to provide value to both the project and the investor whilst balancing the project confidentiality and government transparency requirements.

Gateway Review and Health Check reports are confidential between the nominated delivery agency Senior Responsible Officer¹⁰ (SRO) and Infrastructure NSW. Regular project reporting and the reporting of findings from final Gateway Review and Health Check reports¹¹ are also provided to Cabinet and are therefore 'Sensitive NSW Cabinet' documents.

Regular project reporting for Tier 1 – High Profile/High Risk (HPHR) projects (monthly) and Tier 2 projects (quarterly) is provided to IIAC for endorsement before presentation to the Infrastructure NSW Board (by exception reporting only) and to Cabinet.

A summary of the outcomes of Gateway Reviews and Health Checks for Tier 1 – High Profile/High Risk projects is provided to IIAC for noting and presented to Cabinet only once finalised^{11/12}.

In addition to the delivery agency and Cabinet, Infrastructure NSW will only distribute reports for the following as indicated in Table 1:

- Final regular project reports;
- Summary of the outcomes of Gateway Reviews and Health Checks; and

Full final Gateway Review and Health Check reports.¹¹

¹⁰ Refer to discussion on the role of SRO in **Attachment B**

¹¹ Final Gateway Review and Health Check Reports refers to reports that have been reviewed by the nominated delivery agency SRO and include a Close-out Plan responding to the report recommendations.

¹² Gateway Reviews/Health Checks will not be scheduled for reporting to Cabinet meetings unless there is four weeks between the completion of the Review and the submission of reports to e-Cabinet, unless specifically requested by the responsible delivery agency or Minister.

Table 1 Distribution of regular project reports and Gateway Review and Health Check reports

Party	Final regular project reports	Summary of outcomes of Gateway Reviews and Health Checks	Final Gateway Review and Health Check reports
NSW Treasury	Routinely	Routinely	To support investment or financing decisions made by ERC
Department of Premier and Cabinet	Routinely	Not provided	Not provided
Delivery agency Secretaries / CEOs ¹³	Routinely	Routinely	Routinely ¹⁴
Premier, Treasurer and Minister for Infrastructure	Routinely	Routinely	Upon request ¹⁵

2.7 Ownership

Expert Reviewers, engaged by Infrastructure NSW, prepare Gateway Review and Health Check Reports on behalf of Infrastructure NSW. These reports are ‘Sensitive NSW Cabinet’ documents and remain the property of Infrastructure NSW until finalised. Once finalised, reports become the property of the relevant delivery agencies to take actions as required. The reports remain ‘Sensitive NSW Cabinet’ documents and delivery agency SROs (as owners of reports) are able to distribute reports within Government at their discretion, having regard to the confidential nature of the reports. **Attachment C** details distribution protocols for these reports.

¹³ Only for projects within the Cluster

¹⁴ Copies are initially provided to the nominated delivery agency SRO

¹⁵ Upon request to the Chief Executive of Infrastructure NSW

2.9 Governance

The Framework is supported by governance arrangements to guide high performing assurance, which is illustrated broadly in Figure 2 below. The functions of the key governance groups are outlined, along with other responsibilities, in Table 2 below.

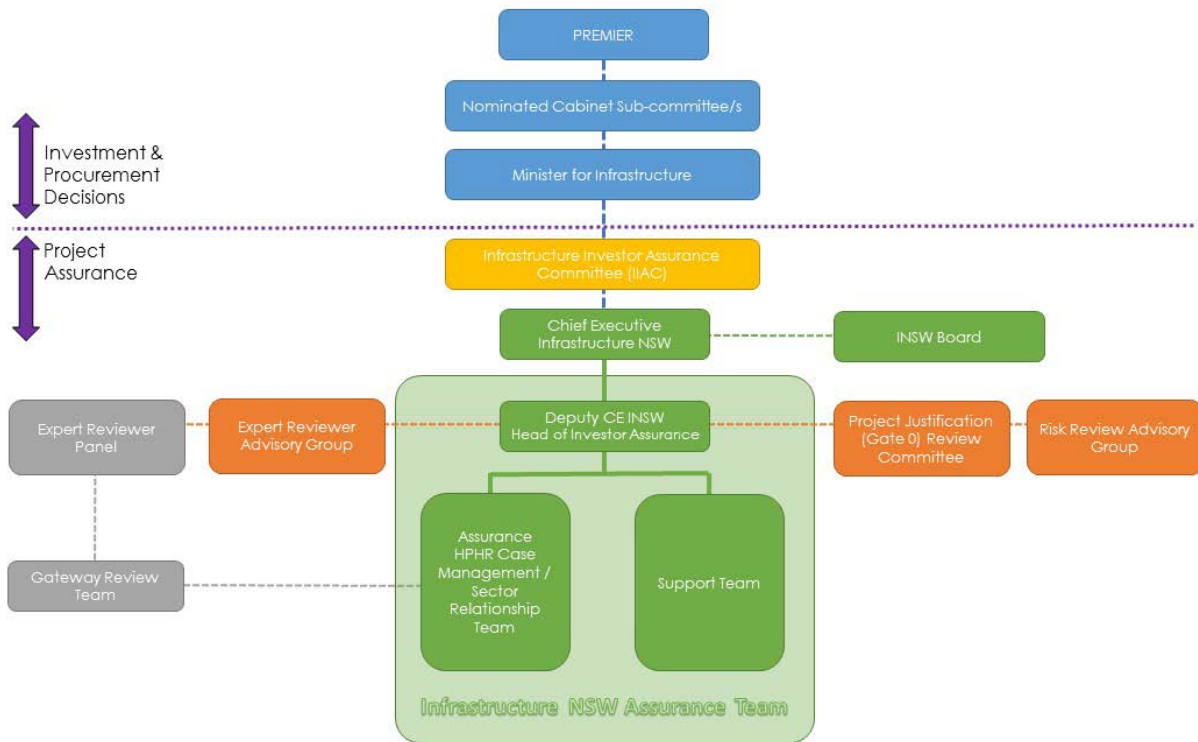


Figure 2 Framework Governance

An Assurance Team has been established within Infrastructure NSW to conduct the assurance functions required under the IIAF. Senior staff within the Assurance Team have been assigned to particular sectors to provide a single point of contact for delivery agencies and Central Government. The Assurance Team will be responsible for:

- Regularly meeting with delivery agency capital program managers and project directors;
- Liaising with delivery agencies in the preparation of Cluster Assurance Plans;
- Organising Gateway Reviews and Health Checks as required;
- Preparing overview reports post-Gateway Reviews/Health checks;
- Overseeing close-out plan sign-off and reporting;
- Overseeing regular project reporting; and
- Providing a single point of contact for delivery agencies and central government.

2.11 Responsibilities

The responsibilities of the various bodies involved in the IIAF are described in Table 2.

Table 2 IIAF Responsibilities

Group	Responsibilities
Infrastructure NSW	<p>Responsible for IIAF administration, performance and reporting to Cabinet, including:</p> <ul style="list-style-type: none"> ▪ Provides a dedicated Assurance Team including Gateway Review Managers to coordinate Reviews. ▪ Establishes and maintains an appropriate Expert Reviewer Panel. ▪ Monitors the performance of individual expert reviewers. ▪ Determines appropriate expert reviewers, and manages scheduling, commissioning and administration of Gateway Reviews and Health Checks. Infrastructure NSW is independent of the expert Review Team. ▪ Monitors Tier 1 – High Profile/High Risk projects, Tier 2 and Tier 3 (if required) project performance through independent Gateway Reviews and Health Checks. ▪ Provides independent analysis and advice on key risks and any corrective actions recommended for Tier 1 – High Profile/High Risk, Tier 2 and Tier 3 projects. ▪ Escalates projects to IIAC and Cabinet where projects present 'red flag issues'¹⁶ and where corrective action is needed. ▪ Works with delivery agencies to register all capital projects with an ETC greater than \$10 million and ensures they are risk profiled and assigned a risk-based project tier with an endorsed Project Assurance Plan. ▪ Prepares forward looking annual Cluster Assurance Plans. ▪ Maintains and continuously improves the IIAF process. ▪ Reports to IIAC, Cabinet and Infrastructure NSW Board on: <ul style="list-style-type: none"> - Forward-looking Cluster Assurance Plans; - Assessment of Expert Reviewer Panel capability; - Performance of closing out recommended actions for all projects undergoing a Review; - Trends and analysis of the key issues; and - Overall performance of the assurance framework. ▪ Reports to IIAC and Cabinet on: <ul style="list-style-type: none"> - Proposed Project Tier and corresponding Project Assurance Plan; - Gateway Reviews, Health Checks and Close-out Plans¹⁷ for Tier 1 – High Profile/High Risk projects (monthly) and Tier 2 projects (quarterly); - Project status and mitigation strategies for red flag issues; and - Gateway Reviewer Performance ▪ Reports to Infrastructure NSW Board on: <ul style="list-style-type: none"> - Operational management of assurance with a focus towards systems and controls, and not project-specific data; and - Red or deteriorating status for Tier 1 – High Profile/High Risk projects, by exception. ▪ Regularly reports to NSW Treasury on the performance of the IIAF.

¹⁶ Issues which trigger a shift in project traffic light ratings to Red (refer to Attachment D for regular project reporting rating systems).

¹⁷ Refer to detailed explanation of close-out plans in Section 3.3.1

Group	Responsibilities
Infrastructure NSW Board	<p>The primary role for the Infrastructure NSW Board is to ensure the adequacy of Infrastructure NSW's operational management of assurance. This means that the Board's focus is towards systems and controls, and not project-specific data.</p> <p>For the Board to discharge these functions, its assessment and assurance of Infrastructure NSW's functions should be guided by the reports available to it, as outlined later in this report.</p> <p>By exception, the Board also considers red or deteriorating status for Tier 1 – High Profile/High Risk projects and may provide advice to Cabinet through the Board Chair.</p>
Infrastructure Investor Assurance Committee	<p>The remit and provenance of the IIAC is to support the achievement of best-for-Government outcomes from the development and delivery of capital projects. In carrying out its functions the Committee:</p> <ul style="list-style-type: none"> ▪ Endorses recommendations for Project Tier and corresponding Project Assurance Plan for noting of Cabinet; ▪ Endorses Tier 1 – High Profile/High Risk project reports for scrutiny by Cabinet; ▪ Monitors capital projects endorsed for scrutiny by Cabinet to avoid project failure and support success; and ▪ Provides Cabinet high-level guidance and/or advising the need to escalate the levels of scrutiny and/or interventions. <p>The Committee ensures all capital projects being considered by Cabinet are accompanied by investor-level assurance advice and risk mitigation strategies.</p> <p>Decisions, informed by the IIAC's advice, would remain with Cabinet as at present.</p> <p>Accountability for the development and delivery of projects would remain with delivery agencies as at present.</p> <p>Additional functions of the Committee include:</p> <ul style="list-style-type: none"> ▪ Ensuring that strategic infrastructure planning and project development/delivery are being appropriately coordinated; and ▪ Promoting consistency and good practice in relation to economic appraisals, whole of life asset management and governance.

Group	Responsibilities
NSW Treasury	<p>Overarching policy responsibility for NSW Gateway Policy, Economic Appraisals and Business Cases. As Policy Owner the role includes:</p> <ul style="list-style-type: none"> ▪ monitoring the application of the NSW Gateway Policy; ▪ confirming the applicable GCA Framework and informing the concerned parties where there is dispute or confusion as to the appropriate GCA to deliver Gateway ▪ determining the appropriate GCA Framework a mixed project should follow (i.e. where it contains a material combination of more than one element of different frameworks). ▪ reporting on the performance of the NSW Gateway Policy, including the performance of the GCA Frameworks, after one year of operation and annually. <p>For projects being delivered by Infrastructure NSW (Projects NSW), the Policy Owner (NSW Treasury) will allocate the responsibility to the appropriate GCA. This GCA will undertake the following elements of the IIAF¹⁸:</p> <ul style="list-style-type: none"> ▪ Determines appropriate expert reviewers, and manages scheduling, commissioning and administration of Gateway Reviews and Health Checks. NSW Treasury is independent of the expert Review Team. ▪ Monitors project performance through independent Gateway Reviews and Health Checks. ▪ Provides independent analysis and advice on key risks and any corrective actions recommended for projects. ▪ Escalates projects to IIAC and Cabinet where projects are at risk and where corrective action is needed. ▪ Reports to IIAC and Cabinet on: <ul style="list-style-type: none"> - Gateway Reviews, Health Checks and Close-out Plans - Project status and mitigation strategies for red flag issues.
Expert Reviewer Panel; Expert Review Teams	<p>The Panel comprises independent highly qualified Expert Reviewers established to cover all aspects of Gateway Review needs. A Review Team, for Gates 1 through 6, is drawn from the panel. A Review Team conducts high performing Gateway Reviews and Health Checks. Panel members can also be drawn upon to provide advice to Infrastructure NSW on projects and to the various assurance committees on an as needs basis. Panel member performance is to be reviewed regularly and membership updated.</p>
Expert Reviewer Advisory Group	<p>The Group provides advice on the Expert Reviewer capability, gaps and requirements to support a high performing Expert Reviewer Panel. The Group also considers Expert Reviewer Panel member nominations and recommendations as well as the performance of individual panel members.</p>
Risk Review Advisory Group	<p>The Group provides advice to IIAC on the Project Risk Profiles and Project Assurance Plans provided by delivery agencies and reviewed by Infrastructure NSW.</p>
Project Justification (Gate 0) Review Committee	<p>The Committee performs Gate 0 Reviews which includes providing advice and recommendations on delivery agency submissions on the project need, strategic alignment and the planning to take the project to strategic and final business cases.</p>
Department of Finance, Services and Innovation	<p>May be called upon to provide guidance and expertise on capital projects/programs with major ICT elements as part of the assurance process within the IIAF.</p>

¹⁸ As Infrastructure NSW would be performing both the role of delivery agency and GCA, for assurance requirements of Projects NSW projects, all references to responsibilities or roles for:

- Infrastructure NSW should be interpreted as the nominated GCA;
- Chief Executive Officer of Infrastructure NSW should be interpreted as Secretary or Chief Executive Officer of the nominated GCA;
- Infrastructure NSW Assurance Team should be interpreted as relevant nominated GCA officers.

Group	Responsibilities
Delivery Agency	<p>The delivery agency must identify the appropriate GCA Framework for a project/program and to adhere to the approach in the relevant GCA.</p> <p>For Capital projects, the delivery agency is responsible for meeting IIAF requirements, including:</p> <ul style="list-style-type: none"> ▪ Registration and risk profiling of projects: <ul style="list-style-type: none"> - Registers all capital projects over \$10 million (ETC). This applies to new projects and existing projects not yet operational; - Self-assesses Project Tier and prepares corresponding Project Assurance Plan. - Updates Infrastructure NSW on changes of project risk criteria that may affect the Project Tier; and - Updates Infrastructure NSW on proposed changes to Project Assurance Plan requirements. ▪ IIAF Gateway Reviews and Health Checks¹⁹: <ul style="list-style-type: none"> - Registers in a timely manner for Gateway Reviews and Health Checks; - Provides in a timely manner all relevant information to support Gateway Reviews and Health Checks; - Ensures SRO participation in Gateway Reviews and Health Checks; - Responds to requests for fact checks of the draft Reports in a timely manner; - Provides a delivery agency endorsed response to recommendations in a timely manner; - Prepares formal Close-out Plan, for endorsement by Infrastructure NSW, for each Gateway Review or Health Check; and - Provides regular updates to Infrastructure NSW on status of Close-out Plans. ▪ Regular reporting: <ul style="list-style-type: none"> - Provides timely and comprehensive project reports consistent with Project Tier frequency reporting requirements and agreed format. <p>The delivery agency is responsible for paying²⁰ any direct costs of Gateway Reviews and Health Checks. This includes time and expenses relating to the engagement of independent reviewers, as well as disbursements relating to a Review such as venue hire, catering and administrative support services (e.g. scribe).</p>

¹⁹ This relates to the Infrastructure NSW conducted reviews and checks and does not relate to reviews and checks that are conducted under the delivery agencies protocols.

²⁰ Infrastructure NSW will initially pay for any direct costs; these will then be recovered in full by invoicing the delivery agency at the completion of a Gateway Review, Health Check or Deep Dive Review.

2.13 Infrastructure NSW delegation authority

The NSW Government has given Infrastructure NSW the authority to delegate assurance for non- High Profile/High Risk projects to Treasury on agreed terms.²² Infrastructure NSW has been also given the authority to delegate existing independent assurance boards for major projects to oversee assurance functions consistent with the IIAF, and under the following terms:

- The assurance board will be responsible for assurance including Gateway Reviews for delivery gates only;
- The Chair of an assurance board will provide independent assurance advice directly to the IIAC via Infrastructure NSW (which in turn is provided to Cabinet) following Gateway Reviews conducted by the Board at the direction of Infrastructure NSW; or at any time requested by IIAC or Cabinet;
- Infrastructure NSW will be advised of any proposed changes to membership of boards. If Infrastructure NSW considers the Board integrity is compromised by such changes it may advise Cabinet accordingly;
- A call-in right will enable Infrastructure NSW to take over some or all assurance responsibilities at the direction of Cabinet.

²² This excludes projects delivered by Infrastructure NSW (Projects NSW), as Treasury already has responsibility for the assurance functions related to these projects.

3 FRAMEWORK ARRANGEMENTS

3.1 Framework outline

The IIAF incorporates a risk-based approach to infrastructure investment assurance and is in line with recommendations made by the Auditor General in the performance audit report entitled *Audit Large construction projects: Independent assurance* (May 2015)²⁴.

Assurance arrangements for the state's infrastructure program support the Premier, the Treasurer, the Minister for Infrastructure, and Cabinet in ensuring that this program is delivered effectively. The IIAF is designed to support both the delivery agencies' own decision-making and assurance processes and to support Budget processes throughout the project lifecycle (depicted in Figure 3).

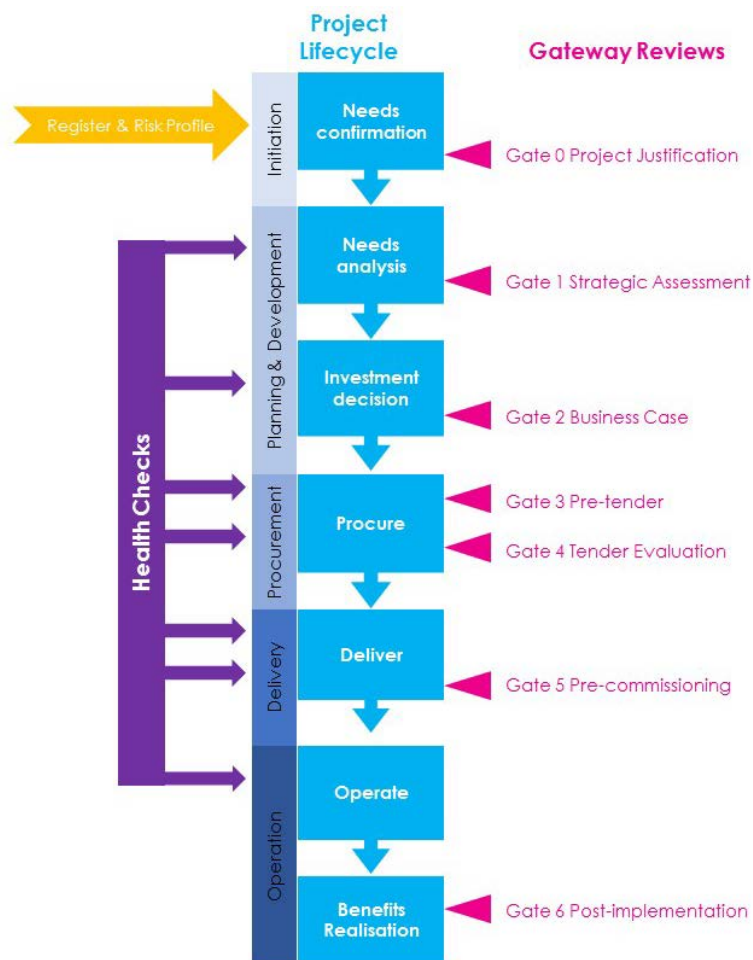


Figure 3 Project Lifecycle Assurance ²⁵

²⁴ <http://www.audit.nsw.gov.au/publications/performance-audit-reports/2015-reports/large-construction-projects--independent-assurance-/large-construction-project-independent-assurance>

²⁵ Not all Gateway Reviews and Health Checks are required for all projects as indicated in Figure 1, refer to Section 3.3.1

A key component of the IIAF has been the establishment of the Infrastructure Investor Assurance Committee (IIAC), convened, chaired and managed by Infrastructure NSW. The IIAC comprises the Secretaries of the Department of Premier and Cabinet, NSW Treasury, Transport for NSW, NSW Health and Department of Planning and Environment.

3.2 Risk-based approach to investor assurance

Risk-based assurance means that different levels of assurance and reporting are applied proportionate to a potential risk profile. The qualitative risk profile criteria are outlined in Table 3.

Table 3 Qualitative risk profile criteria

Criteria	Definition
Level of Government Priority	<ul style="list-style-type: none"> The level <u>and</u> timing of project or program priority, where: <ul style="list-style-type: none"> The level of priority for a project is specifically mandated (or where a Ministerial authority has been given to mandate that a project is a priority) in documents such as the NSW Budget, Premier's Priorities, State Infrastructure Strategy, Election Commitment, or is a response to a Legislative Change. Alternatively, the project is an enabler of a mandated priority project. The timing of the priority project can be either within or outside the Forward Estimates and relates to planning/development commencement, construction commencement or construction completion. <p>These two conditions should exist.</p>
Interface Complexity	<ul style="list-style-type: none"> The extent to which the project or program's success will depend on the management of complex dependencies with other: <ul style="list-style-type: none"> Institutions - certain bodies are contributing to the funding of the project or will be given operational responsibility; and/or Projects or services - there are fundamental interdependencies with other projects or services that will directly influence the scope and cost of the project.
Procurement Complexity	<ul style="list-style-type: none"> The extent to which a project or program requires, sophisticated, customised or complex procurement methods (non-traditional), thereby increasing the need for a careful assessment and management of risk. Procurement complexity may also be influenced by the extent of agency experience and capability. For example, some procurement methods (e.g. ECI) may be used more commonly by some agencies and represent a lower procurement risk.
Agency Capability	<ul style="list-style-type: none"> The extent to which the sponsor agency has demonstrated capability (skills and experience), or can access through recruitment or procurement the required capability in the development and / or delivery of the type of project or program proposed and/or its delivery strategy.
Essential Service	<ul style="list-style-type: none"> The extent to which a project is essential to meet a deficiency that would otherwise have serious adverse impacts on the functioning of an existing community or the growth of a new community.

A weighted score for the above criteria is determined based on the weightings and scores outlined in **Attachment E**. This weighted score is compared against ETC to determine a preliminary Project Tier based on the matrix shown in Table 4.

Table 4 Project-tier weighted risk score matrix

Weighted Risk Score	ETC Range				
	\$10M – 50M	\$50-\$100M	\$100M - \$500M	\$500M - \$1B	>\$1B
0.0 – 2.0	Tier 4	Tier 3	Tier 3	Tier 3	Tier 2
2.1 – 2.2	Tier 4	Tier 3	Tier 3	Tier 2	Tier 2
2.3 – 2.4	Tier 4	Tier 3	Tier 2	Tier 2	Tier 2
2.5 – 2.9	Tier 3	Tier 2	Tier 2	Tier 2	Tier 1 – HPHR
3.0 – 3.9	Tier 2	Tier 2	Tier 2	Tier 2	Tier 1 – HPHR
4.0 – 5.0	Tier 1 – HPHR	Tier 1 – HPHR	Tier 1 – HPHR	Tier 1 – HPHR	Tier 1 – HPHR

The initial risk profiling self-assessment process is undertaken by delivery agencies. The process involves giving each project a risk-based score against these criteria, and undertaking further qualitative analysis, enabling projects to be grouped into risk-based tiers to which different levels of project assurance can be applied. The risk-based tiers are as follows:

- Tier 1 – High Profile/High Risk;
- Tier 2;
- Tier 3; and
- Tier 4.

This tiered approach is designed to ensure that the right balance is struck between a robust approach correctly focused on highest risks, and achieving value for money. More intensity / scrutiny is placed on projects that need it most e.g. Tier 1 – High Profile/High Risk projects. This is represented in Figure 4.

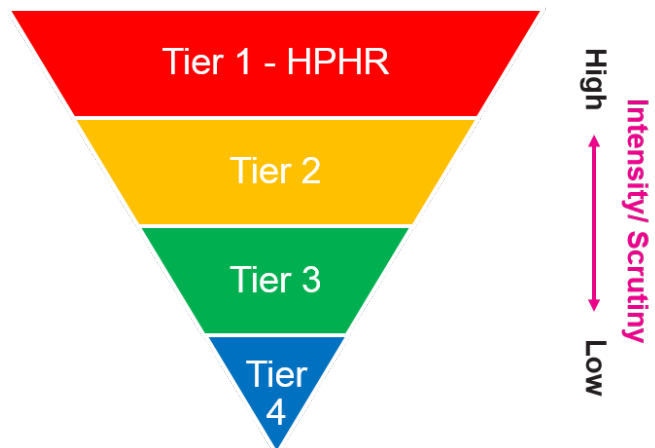


Figure 4 Tiered approach

Throughout their lifecycle, projects may move between tiers depending on changing risk profiles.

The project tiering is endorsed as outlined in Section 2.5. For a project to be endorsed by IIAC as a Tier 1 – High Profile/High Risk project, it must be nominated as such by the:

- Cabinet;
- Premier;
- Treasurer;
- Minister for Infrastructure;
- Responsible Minister;
- Relevant delivery agency Secretary or Chief Executive Officer; or
- Chief Executive Officer of Infrastructure NSW.

For a project to be removed off the Tier 1 – High Profile/High Risk list, before it is operational, the relevant delivery agency Secretary or Chief Executive Officer must request the removal in writing to the Chief Executive Officer of Infrastructure NSW. The Infrastructure NSW Assurance Team will consider the request and make a recommendation in relation to the request to be endorsed by IIAC. The request may also be referred to the Risk Review Advisory Group²⁶ for advice. Any recommended change in a Tier 1 – High Profile/High Risk project rating is reviewed by Cabinet.

3.3 Assurance and reporting requirements

The investor assurance process is designed to ensure the Government's key infrastructure projects across NSW are delivered on time, on budget and in accordance with government objectives. This is achieved by providing independent advice to delivery agencies and reporting to Cabinet and the Minister for Infrastructure, so they can receive early warning of any emerging issues, and to act ahead of time to prevent projects from failing.

There are three main components to the independent investor assurance process:

- Gateway Reviews and Health Checks;
- Project reporting based on inputs provided by delivery agencies; and
- Monitoring conducted by Infrastructure NSW.



Figure 5 Elements of investor assurance

²⁶ Refer to 2.9 Responsibilities

3.3.1 Gateway Reviews and Health Checks

The IIAF Gateway Review process provides for a series of short, focused, independent expert reviews, held at key decision points in a project's lifecycle (as depicted in Figure 3). The Gateway Reviews are appraisals of infrastructure projects, that highlight risks and issues, which if not addressed may threaten successful delivery.

The Gateway Review process is in place to strengthen governance and assurance practices and to assist delivery agencies to successfully deliver major projects and programs. Gateway Reviews are part of an assurance process which provides confidence to Government in the information supporting their investment decisions; the strategic options under consideration; and the delivery agency's capability and capacity to manage and deliver the project.

Gateway Reviews are supported by periodic Health Checks which assist in identifying issues which may emerge between decision points. Health Checks will be carried out, when required, by an independent team of experienced practitioners (industry experts including from the private sector), appointed by Infrastructure NSW.

The risk-based application of Gateway Reviews and Health Checks by Infrastructure NSW are depicted in Table 5 and Table 6.

Delivery agencies can nominate additional Gateway Reviews and Health Checks beyond those mandated by the IIAF.

Table 5 Application of Gateway Reviews by Infrastructure NSW

GATE	Tier 1 – HPHR	Tier 2	Tier 3	Tier 4
GATEWAY REVIEWS	Gateway Reviews are mandatory at all Gates.	Gateway Reviews are mandatory for Gate 0, Gate 1, and Gate 2.	Gateway Review is mandatory for Gate 0.	Gateway Reviews not required. Delivery agency assurance requirements to meet internal governance arrangements only apply.
Gate 0 Project Justification	Mandatory	Mandatory	Mandatory	Not required
Gate 1 Strategic Assessment	Mandatory	Mandatory	Optional	
Gate 2 Business Case	Mandatory	Mandatory	Optional	
Gate 3 Pre-tender	Mandatory	Optional	Optional	
Gate 4 Tender Evaluation	Mandatory	Optional	Optional	
Gate 5 Pre-commissioning	Mandatory	Optional	Optional	
Gate 6 Post-implementation	Mandatory	Optional	Optional	

Table 6 Application of Health Checks by Infrastructure NSW

PHASE	Tier 1 – HPHR	Tier 2	Tier 3	Tier 4
HEALTH CHECKS	Health Checks and Deep Dive Reviews ²⁷ as required by Infrastructure NSW.	Health Checks as required by Infrastructure NSW.	Health Checks as required by Infrastructure NSW.	Health Checks not required
Pre-investment decision (Needs confirmation, Needs analysis and Investment decision)	Optional	Optional	Optional	Not required
Procurement	Optional	Optional	Optional	
Delivery	Mandatory ²⁸	Optional	Optional	
Post commissioning ²⁹ (Operate, Benefits realisation)	Optional	Optional	Optional	

Delivery agency assurance

The IIAF Gateway Reviews and Health Checks relate to those conducted by Infrastructure NSW and do not relate to reviews and checks conducted under individual delivery agency protocols.

Gate 0 Reviews

Gate 0 Project Justification Reviews will be conducted by the Project Justification (Gate 0) Review Committee.

Gate 1 – 6 Reviews

Reviews include interviews with significant project stakeholders and the examination of project documents. Review Teams assess the progress of projects against seven criteria:

- Service delivery;
- Affordability - value for money;
- Sustainability;
- Governance;
- Risk management;
- Stakeholder management; and
- Change management.

²⁷ Deep Dive Reviews are similar to a Health Check but focus on a particular issue or limited terms of reference rather than the full range of issues normally considered at a Health Check

²⁸ Health Checks for Tier 1 – High Profile/High Risk projects are mandatory during delivery phase if this phase exceeds 6 months.

²⁹ Health Checks may be called for Post Commissioning in an instance where Commissioning of a project/program is undertaken over a longer than usual time duration.

Reviews are conducted in accordance with the Gateway Review Toolkit and Reviewer Workbooks³⁰. An overview of the typical Gateway Review and Health Check process is at **Attachment F**.

Infrastructure NSW will develop Terms of Reference for a Review in consultation with the responsible delivery agency and key stakeholders. The Terms of Reference are used to guide the selection of appropriate reviewers and will be provided to reviewers in advance of the Review.

The governance and oversight of a project/program ordinarily includes three major parties: a 'sponsor', 'deliverer' and 'asset owner/manager or operator'. These parties may come from within the same organisation.

Good governance and project/program assurance calls for the need to have an individual as the single point of accountability and strategic responsibility; the Senior Responsible Officer (SRO). The SRO may come from within the 'sponsor', 'deliverer' or 'asset manager/owner or operator' organisation. This is further outlined in **Attachment B**.

To enable a successful Review to take place, the delivery agency must identify each of the parties performing the role of 'sponsor', 'deliverer' and 'asset owner/manager or operator', as well as the individual SRO. It is essential that the delivery agency's SRO participates in the Gateway Review process.

Independent reviewers

Reviews are to be conducted by a highly experienced independent Review Team where independent refers to the individuals being independent of a delivery agency and a project team. The review team should be selected so that it possesses the skills, capability and experience to enable it to provide relevant assessment and advice.

For Tier 1 – High Profile/High Risk projects, independent reviewers forming the Review Team should not include individuals that are currently employed by the NSW Government³¹ and should include high profile industry experts.

For Tier 2 and 3 projects, independent reviewers forming the Review Team can include individuals currently employed with the NSW Government if they are independent of the delivery agency and project team.

³⁰ The Gateway Review Toolkit and Reviewer Workbooks are currently provided at <https://www.procurepoint.nsw.gov.au/policies/overview-gateway-review-system>. The documents were produced by NSW Treasury and will be reviewed and updated by Infrastructure NSW.

³¹ This refers to individuals who are current permanent employees of the NSW Government and does not include former employees of the NSW Government or those contracted on a non-permanent basis.

Health Checks and Deep Dive Reviews

Health Checks should be conducted at regular intervals (minimum 6 months) for Tier 1 – High Profile/High Risk projects when in the delivery phase of the project lifecycle. Health Checks during other phases of Tier 1 – High Profile/High Risk projects and at any time for Tier 2 or Tier 3 projects are considered optional and should be undertaken as needed.

Triggers for optional Health Checks may include:

- Where a Gateway Review Team recommends a Health Check to be completed before the next Gateway Review;
- Between a Strategic Assessment Gate Review and a Business Case Gate Review:
 - If a Strategic Business Case (SBC) is reviewed at the Strategic Assessment Gate Review and a Preliminary Business Case (PBC) is produced; or
 - If there are significant options developed and are still available for consideration at the Strategic Assessment Gate Review, a Health Check may be required at the options selection point rather than waiting until Final Business Case (FBC).
- If there is overall low or medium delivery confidence and there are a significant number of critical and essential recommendations raised at a Gateway Review or Health Check. The Health Check would focus on ensuring recommendations have been closed effectively;
- If insufficient progress is being demonstrated in closing out recommendations from a previous Gateway Review or Health Check;
- If there is a major incident or major event or major change in the project, including change of governance or change in delivery agency responsibility (e.g. handover to Projects NSW for delivery);
- If a delivery agency self-nominates.

Optional Health Checks can be called for at the direction of any of the following:

- Chief Executive Officer, Infrastructure NSW;
- IIAC;
- Cabinet;
- Minister for Infrastructure;
- Treasurer; or
- Premier.

Deep Dive Reviews are similar to a Health Check but focus on a particular issue or limited terms of reference rather than the full range of issues normally considered at a Health Check. These are generally undertaken in response to issues being raised by key stakeholders to the project or at the direction of the relevant Government Minister.

Gateway Review / Health Check Reports

The results of each Gateway Review and Health Check are presented in a report that provides a snapshot of the project's progress for the purposes of reporting to Cabinet and with recommendations to strengthen the project.

Close-out Plans

Close-out Plans form part of the final Review reports and are required to be prepared in response to the recommendations set out in each Gateway Review and Health Check report. Close-out Plans are supplied by delivery agencies as approved by the delivery agency Secretary, Chief Executive Officer or nominated SRO³², these Plans will detail specific actions, timelines and accountabilities that respond to the recommendations provided in these reviews. Infrastructure NSW will:

- Endorse the Close-out Plans and the closing out of recommendations;
- Monitor the progress towards closing out these actions and recommendations; and
- Report on this activity to IIAC and Cabinet.

Presentation of Review findings to Cabinet

A summary of key Gateway Review and Health Check outcomes are routinely provided to Cabinet, in a delivery agency submission, for Tier 1 – High Profile/High Risk projects as detailed in Table 7.

The completion of non-High Profile/High Risk Gateway Reviews and Health Checks are reported to Cabinet. The outcomes of these may be reported to Cabinet in more detail by exception where significant risks or issues are deemed relevant to Cabinet by IIAC.

Confirmation of clearance of Gate

Infrastructure NSW will provide a confirmation of clearance that a project can move to the next Gate or Health Check. This clearance reflects that a delivery agency has completed a Gateway Review for a particular stage of the project and an appropriate Close-out Plan is in place to assist with project development or delivery. The clearance is **not** a Gateway Review approval or an endorsement of the project.

³² And /or in accordance with individual delivery agency policy

Table 7 Reporting/presentation of Gateway Review and Health check findings to Cabinet³³

GATE/PHASE	Tier 1 – HPHR	Tier 2	Tier 3	Tier 4
GATEWAY REVIEWS				
Gate 0 Project Justification	Reported by exception	Reported by exception	Reported by exception	Not applicable
Gate 1 Strategic Assessment	Routinely reported and presentation by CEO Infrastructure NSW	Routinely reported where applicable ³⁴	Routinely reported where applicable ³⁴	
Gate 2 Business Case				
Gate 3 Pre-tender				
Gate 4 Tender Evaluation				
Gate 5 Pre-commissioning				
Gate 6 Post-implementation				
HEALTH CHECKS				
Pre-investment decision (Needs confirmation, Needs analysis and Investment decision)	Routinely reported and optional presentation by CEO Infrastructure NSW	Routinely reported where applicable ³⁴	Routinely reported where applicable ³⁴	Not Applicable
Procurement				
Delivery	Routinely reported and presentation by CEO Infrastructure NSW			
Post commissioning ³⁵ (Operate, Benefits realisation)	Routinely reported and optional presentation by CEO Infrastructure NSW			

³³ For Projects NSW projects presentations are made by the Secretary or Chief Executive of the nominated GCA

³⁴ Routine reporting includes noting that a Review was undertaken, where relevant a summary of outcomes may be provided and/or a presentation may be made by the CEO Infrastructure NSW.

³⁵ Health Checks may be called for Post Commissioning in an instance where Commissioning of a project/program is undertaken over a longer than usual time duration.

3.3.2 Regular project reporting

Reporting will be conducted for projects and programs, with data gathered and maintained by Infrastructure NSW in a central repository. These reports will record and assess implementation against time, cost, quality, risks and impediments to project development/delivery. Alerts for management attention and/or intervention will be based on analysis of data as well as Gateway Reviews and project Health Checks. Reporting will reflect the tiered approach with greater analysis and strategic advice provided for Tier 1 – High Profile/High Risk projects. Project Tier Risk-based reporting is detailed in Table 8.

Table 8 Regular project reporting requirements

Project Tier	Frequency	Lodged By	Reviewed By	Endorsed for Cabinet by	Audience
Tier 1 – HPHR	Monthly	Delivery agency	Infrastructure NSW / Treasury	IIAC	<ul style="list-style-type: none"> IIAC Infrastructure NSW Board Cabinet
Tier 2	Quarterly	Delivery agency	Infrastructure NSW / Treasury	Infrastructure NSW	<ul style="list-style-type: none"> IIAC Cabinet
Tier 3	Quarterly	Delivery agency	Infrastructure NSW	N/A	<ul style="list-style-type: none"> IIAC
Tier 4	Nil	N/A	N/A	N/A	<ul style="list-style-type: none"> Nil

To support these reporting arrangements, delivery agencies will be required to provide:

- Timely and comprehensive project reporting in the agreed format. Refer to **Attachment G** for the Tier 1 – High Profile/High Risk regular project report template.
- Close-out Plans which document actions and accountabilities that respond to recommendations identified in Gateway Review and Health Checks.
- Mitigation Plans for red flag issues identified in Tier 1 – High Profile/High Risk project status reports or Tier 2 reports.

A key feature of the Tier 1 – High Profile/High Risk project reports is an indication of the status of project or program using a traffic light system (RED / AMBER / GREEN) in terms of overall project status, time and cost. The definitions for the traffic light system for overall project status, project time status and cost status are shown in **Attachment D**.

3.3.3 Monitoring

Infrastructure NSW will monitor project status (including mitigation plans) and the findings of Gateway Reviews and Health Checks (including Close-out Plans). Infrastructure NSW will provide regular project reports and summary findings of Gateway Review and Health Checks for Tier 1 – High Profile/High Risk projects to:

- IIAC for:
 - endorsement of regular project reports; and
 - noting of findings of project Gateway Review and Health Checks;
- Infrastructure NSW Board by exception for projects with red status or deteriorating status;
- Cabinet.

Regular project reports as well as Gateway Review and Health Check summary findings provided to IIAC and Cabinet will be owned by Infrastructure NSW. In providing this reporting, Infrastructure NSW will undertake the necessary steps to verify the information provided by delivery agencies or prepared by Review Teams. This may include:

- Detailed assessment of each Tier 1 – High Profile/High Risk project with direct input from Panel experts (this will include Health Checks and the results of Deep Dive Reviews);
- Independent analysis and advice on key risks, recommended corrective actions and mitigation strategies.

3.4 Treatment of projects and programs

New capital projects must be registered under the IIAF as either a project or a program. After a project or program is risk-profiled and assigned a Project Tier it is required to comply with the assurance and reporting requirements outlined in Section 3.3 according to its Project Tier. Definitions of, and how various projects and programs may be comprised and operate in practice are detailed at **Attachment H**.

3.4.1 Modified Project Assurance Plan for complex projects and programs

Under the IIAF, the assurance process for complex projects and programs begins with registration and risk profiling of the project/program in its entirety to establish its Project Tier. For assurance purposes (Reviews, regular reporting and monitoring), a complex project or a program may need to be considered both as a single project or program and in its component parts (project stages, individual projects or sub-programs) at various stages in the program lifecycle.

In some cases, these project stages, individual projects or sub-programs may have a different Project Tier to the overall complex project or program. This may result in the need for a Modified Project Assurance Plan.

As the different component parts (project stages, individual projects or sub-programs) are typically developed and/or delivered over varying timeframes, they may not be able to be considered in a single Gateway Review. It may therefore be necessary to have multiple

Reviews to accommodate a program/project's needs. In some cases, a smaller stage of work or individual project may not warrant the application of these separate Gates.

For complex projects, the application of separate tiering for certain identified stages allows the delivery agency to access Reviews for a distinct stage (dependent on the risk-profiling of that stage) to accommodate a project's specific needs. For example, larger stages of work within a complex project may warrant the application of certain Gates, particularly at the procurement and delivery stages of a project's lifecycle, whereas a smaller stage of work may not require a Review. This adaptation provides for greater assurance and efficiency across a complex project.

When stages of a complex project are identified as needing separate tiering for assurance purposes, the stages are split off and undergo risk profiling, where each stage is assigned a Project Tier, and subsequently included as such in a Modified Project Assurance Plan. Importantly, a stage's tiering is assessed on its own merits, and therefore may be tiered at any level. Splitting off a stage of a complex project for risk profiling may occur at any time. Typically this would be after the complex project's strategic or final business case. A complex project should only be considered as a linear program of staged outputs in accordance with an agreed business case.

This process is similar for programs needing to be considered as separate projects or sub-programs. For instance, a large program that is considered in its entirety during the development of strategic business cases, may require the development of a series of separate final business cases for individual projects and sub-programs due to these being progressed and delivered at different times.

Examples of typical Modified Project Assurance Plan for complex projects and programs are provided at **Attachment I**.

Where a complex project has been split into stages or a program into individual projects or sub-programs, and those component parts have their own tier assessment, it is important, for satisfaction of the originating objective of the complex project/program, to return to a single Review step. This occurs as Gate 6 - the benefits realisation stage of its lifecycle, allowing the benefits realisation assessment to be undertaken for the entire complex project or program.

3.4.2 Endorsement of a Modified Project Assurance Plan

Determining the extent or need to apply the mandatory gates for complex projects or programs to the project stages, individual projects or sub-programs will require:

- Delivery agencies to provide a Modified Project Assurance Plan with self-nominated assurance arrangements for each project stage, individual project or sub-program as relevant;
- Infrastructure NSW to assess the Modified Project Assurance Plan and make recommendations to IIAC; and
- IIAC to endorse the Modified Project Assurance Plan.

3.5 Infrastructure NSW Reporting and Assurance Portal

The Infrastructure NSW Reporting and Assurance Portal (RAP) provides an online environment to manage assurance information for the purposes of monitoring projects and reporting to Cabinet. The RAP also enables Infrastructure NSW, Clusters, appointed Gateway Reviewers, IIAC and other committee members to actively and efficiently manage assurance activities within a secure online environment.

Once fully operational, the RAP will feature the following capabilities:

- **‘Project/program registration/ profiling’ module** – delivery agencies will have the ability to add, edit and review project/program registrations, risk profiles and Project Assurance Plans. This module will also calculate a preliminary Project Tier rating for registered projects. Infrastructure NSW will update the Project Tier and Project Assurance Plans as they move through the ratification process.
- **‘Project reporting’ module** – Delivery agencies will be able to prepare, edit, review and approve regular project report data (frequency determined by Project Tier). This functionality will apply to Tier 1 – High Profile/High Risk, as well as Tier 2 and 3 projects. Infrastructure NSW will review and finalise reports and generate project reporting.
- **‘Gateway Reviews’ module** – This module will allow for all activities associated with Gateway Reviews and Health Checks including:
 - Registration of need for Review
 - Review details – name of reviewers, location, date and agenda
 - Secure area for Review documentation provided by delivery agencies and Review Terms of Reference
 - Collaboration space for reviewers, stakeholders and project team
 - Copies of Review reports and summaries of Review outcomes (secure access only)
 - 360 degree feedback

A forward calendar of upcoming Reviews will also be made available.

- **‘Close-out plan’ module** – Delivery agencies will be able to upload approved Close-out Plans in response to Review recommendations, as well as report on progress against implementing the actions in the Plan. Infrastructure NSW will be able to monitor and report on delivery agency performance in closing out Review recommendations.
- **‘Committee’ module** – Papers for the various IIAF committee meetings will be made available for committee members to access through the RAP. By virtue of this, committee members will also have access to historical editions of papers. A forward calendar of committee meetings will also be made available on the RAP.
- **‘Dashboard’ module** – A live dashboard reporting key project/program metrics will be available. The dashboard will be developed to have bespoke reporting for IIAC committee members, delivery agency Secretary or Chief Executive Officer, Premiers Office and other key stakeholders as required.
- **‘Performance’ Module** – Performance reports prepared by Infrastructure NSW will be uploaded in this area for collaboration and sharing.
- **‘Expert Reviewer Panel’ module** – This module will allow potential reviewers to register their interest for inclusion on the Expert Reviewer Panel and facilitate Infrastructure NSW management of the panel. This will include capability matrices on reviewer capabilities that will allow for searches of reviewers with specific expertise and capabilities, as well as

tracking reviewer involvement on Reviews. Feedback on reviewers will be tracked and will assist in managing reviewer performance.

- **‘Trends and Analysis’ module** – Using historical reporting data, portal users will be able to monitor and track historical performance of projects. This will allow the identification of common themes and trends, which will feed into the broader analytics work of Infrastructure NSW.
- **Geographic Information Systems** – The Portal will provide a spatial representation of the capital projects by themes and features to allow analysis and a clear line of sight between project need, strategic alignment and investment on the ground. More specifically, the identification of synergies and interdependencies across programs/projects in a particular locality will be more easily visible.
- **‘Administration’ Module** – A place for agencies to self-service user access for the Portal.
- **‘Learning and Knowledge’ Module** – A space for agencies to showcase particular gates/ health checks/ projects/ programs (where possible) to act as a point of reference for best practice and a place to put forward suggestions to Infrastructure NSW on what is working well and what isn’t.

3.6 Performance

3.6.1 First 12 Month operational review

Following the first 12 months of operation from the finalisation of the IIAF, Infrastructure NSW will review the implementation of the IIAF with NSW Treasury, the Department of Premier and Cabinet, and relevant delivery agencies.

3.6.2 Annual framework performance

A crucial part of the IIAF will be to regularly evaluate the performance of the IIAF itself and contribute to the analysis of project and assurance issues and trends. To this end, the key aspects of the performance management approach are outlined in Table 9.

Table 9 Performance reporting

Report	Description	Frequency	Audience
Cluster Assurance Plans	<p>Forward looking plans to identify the assurance requirements of a Cluster over the next 12 to 15 months.</p> <p>Confirm all relevant projects are being reviewed for the financial year aligning with expectations identified in Total Asset Management Plans and strategies such as the State Infrastructure Strategy.</p> <p>Plans will be prepared by Infrastructure NSW in collaboration with delivery agencies.</p>	<p>Annual plan ahead of each financial year.</p> <p>Updated quarterly.</p>	<ul style="list-style-type: none"> ▪ Cabinet ▪ IIAC ▪ Infrastructure NSW Board

Report	Description	Frequency	Audience
Assessment of Expert Reviewer Panel capability	<p>Confirm that reviewers on the Expert Review Panel have the requisite experience and skills set to provide high performing advice for the projects they review.</p> <p>Evaluations will be prepared by Infrastructure NSW and assessed by the Expert Reviewer Advisory Group.</p>	Annual - to match Cluster Assurance Plans.	<ul style="list-style-type: none"> ▪ Cabinet ▪ IIAC ▪ Infrastructure NSW Board
Gateway Reviewer Performance	<p>Continually monitor the robustness and timeliness of individual expert reviewer performance.</p> <p>360° feedback will be obtained for each expert reviewer at the conclusion of a Gateway Review or Health Check.</p> <p>Collated reports on reviewer performance will be prepared by Infrastructure NSW for the consideration of the Expert Reviewer Advisory Group.</p>	Six monthly.	<ul style="list-style-type: none"> ▪ Cabinet ▪ IIAC
Performance of closing out recommended actions for all projects undergoing a Review	<p>Close-out plans are confirmed by the relevant delivery agency and approved by Infrastructure NSW to identify actions and mitigation measures to address review recommendations.</p> <p>A report on the performance of delivery agencies and Clusters in closing out Review recommendations will be prepared by Infrastructure NSW.</p>	Six monthly	<ul style="list-style-type: none"> ▪ Cabinet ▪ IIAC ▪ Infrastructure NSW Board
Trends and analysis of the key issues	<p>Analysis of systemic issues identified in assurance reviews and offer recommendations to address these issues.</p> <p>Trends and analysis reports will be prepared by Infrastructure NSW.</p>	Six monthly	<ul style="list-style-type: none"> ▪ Cabinet ▪ IIAC ▪ Infrastructure NSW Board ▪ Treasury
Overall performance of the IIAF	<p>Report card on Infrastructure NSW's performance in key areas such as project registration; risk profiling; development of Cluster Assurance Plans; Gateway Reviews; Health Checks; and project reporting.</p> <p>Overall performance reports will be prepared by Infrastructure NSW.</p>	Six monthly	<ul style="list-style-type: none"> ▪ Cabinet ▪ IIAC ▪ Infrastructure NSW Board ▪ Treasury

Attachment A Project registration and risk-profiling process



Attachment B Role of the SRO in the IIAF

The governance and oversight of an infrastructure project/program ordinarily includes three major parties: a 'sponsor', 'deliverer' and 'asset owner/manager or operator'. The typical responsibilities/functions of these parties are described in **Table B1**.

Table B1 Typical responsibilities of major parties to a project/program

Party	Typical responsibilities and functions of parties to a project
Sponsor	<ul style="list-style-type: none"> Secures the funding Owns the business case Responsible for specifying the asset requirements Ensures the project remains strategically aligned and viable Ensures benefits are on track
Deliverer	<ul style="list-style-type: none"> Responsible for procurement of asset from investment decision to commissioning Delivering the benefits Translates requirements from the sponsor and manages delivery outcomes Selects the most appropriate supplier/s to meet project objectives
Asset manager/ owner or operator	<ul style="list-style-type: none"> Responsible for day to day operations and maintenance of asset once commissioned May be a part of the sponsor or delivery organisation or a separate entity Operator and maintainer of the assets might be separate entities Asset management is the coordinated activity of organisations to realise value from their assets

The role performed by each of these parties may be emphasised depending on the particular project life cycle point a project/program is in. Further, the roles performed by each party often have necessary interdependencies with each other to enable the successful delivery of a project/program. This is depicted in **Figure B1**.

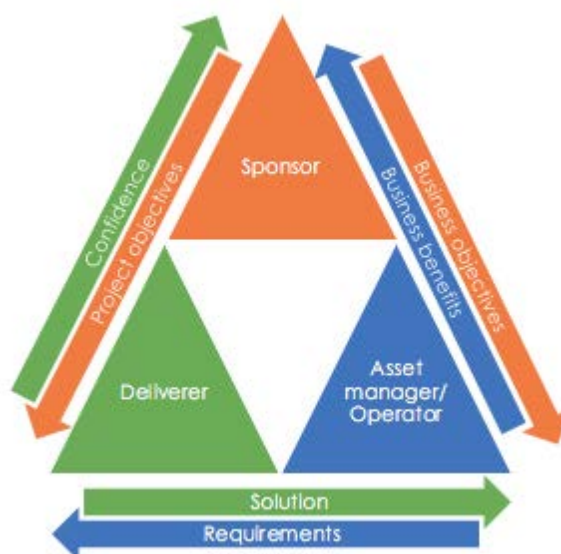


Figure B1 Interaction of the responsibilities and functions of key parties to a project/program

While there are typically three major parties to a project, good governance and project/program assurance calls for the need to have a single point of accountability and strategic responsibility. The Senior Responsible Officer (SRO) of a project/program occupies this position. The SRO may come from the 'sponsor', 'deliverer' or 'asset manager/owner or operator' agency, depending on the stage of the project/program within its lifecycle. Notwithstanding this, the officer holding the position of SRO should be identifiable at any particular point in time.

Table B2 outlines the typical responsibilities of these officers when occupying the position of SRO in relation to the IIAF.

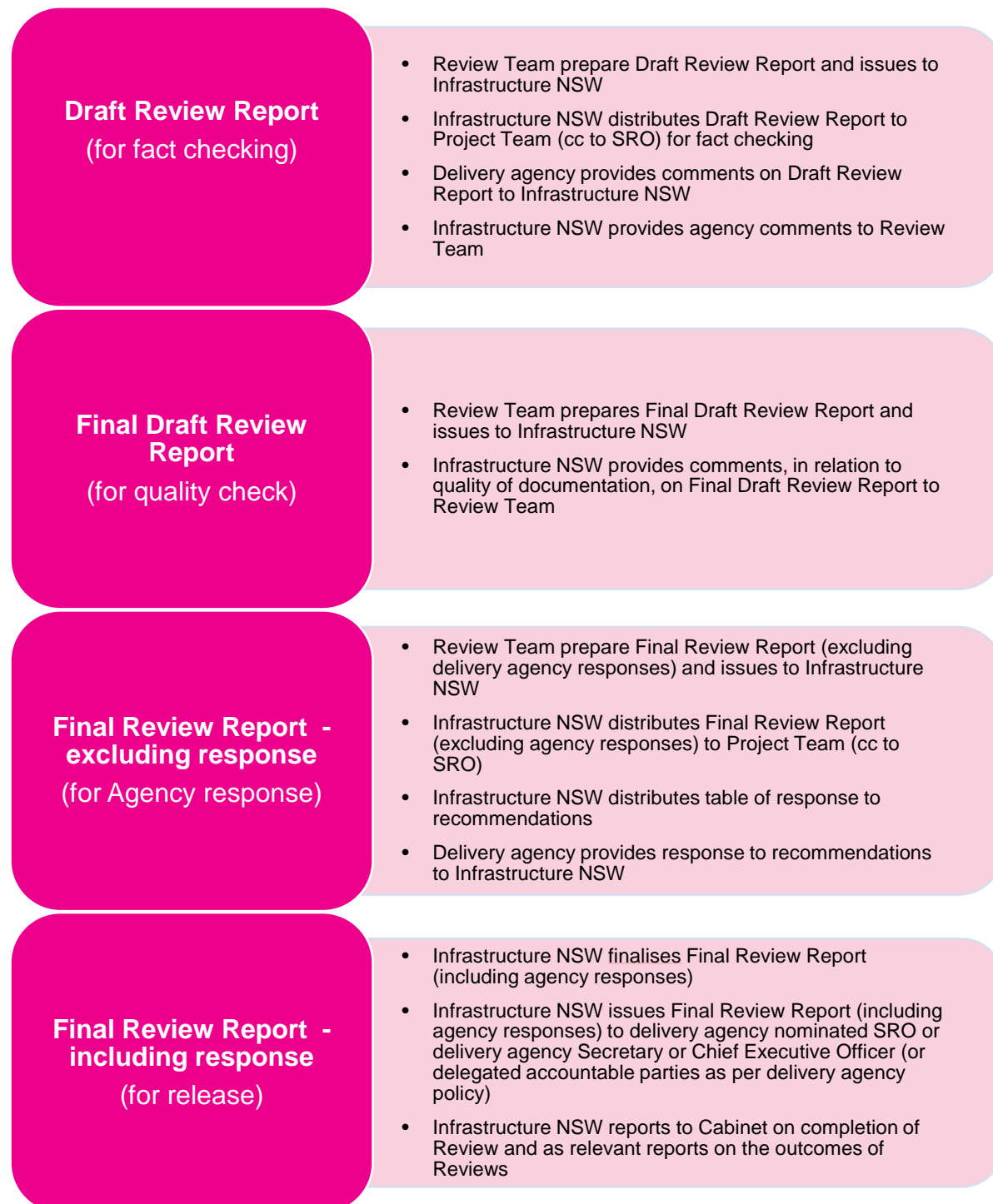
During the assurance and Gateway Review process the SRO is expected to be available, support, and ensure that all necessary information is made available to the Review Team.

Table B2 Typical holder of SRO position during project lifecycle

Project Lifecycle Stage	Gateway Review	Sponsor	Deliverer	Asset manager/owner or operator
Develop	Gate 0: Project Justification	✓ SRO		✓ SRO
	Gate 1: Strategic Assessment	✓ SRO		
	Gate 2: Business Case	✓ SRO		
Procure	Gate 3: Pre-tender		✓ SRO	
	Gate 4: Tender Evaluation		✓ SRO	
Deliver	Gate 5: Pre-commissioning		✓ SRO	✓ SRO
Operate	Gate 6: Post-implementation			✓ SRO

Attachment C Protocols for finalisation and distribution of Gateway Review and Health Check reports*

Review Report Finalisation



* Gateway Review and Health Check Reports are classified as 'Sensitive NSW Cabinet' documents




Protocols

Topic	Details
Document control page	All Review Reports are to include a document control page – noting the version of the report and date of issue
Confidential	All Review Reports are classified as ‘Sensitive NSW Cabinet’ documents and are to include “Sensitive NSW Cabinet” on the footer
Distribution	<ul style="list-style-type: none"> No review team member is to distribute copies of any versions of reports directly to delivery agencies, project teams or any other party Review Team leader is to send versions of reports to Infrastructure NSW Assurance Team for distribution No reports are to be distributed outside of the responsible delivery agency (including to central government agencies) until the report is finalised and includes a delivery agency response to recommendations unless directed to by the CEO Infrastructure NSW or Deputy CEO Infrastructure NSW Copies of the Final Review Reports with delivery agency responses are only distributed by Infrastructure NSW as follows: <ul style="list-style-type: none"> To responsible delivery agency SRO / Secretary or Chief Executive Officer (and delivery agency delegated staff) To Treasury officials where the project is being consider by ERC (e.g. for SBC, FBC and pre tender and post tender Gateway Reviews for private financing deals etc) To Infrastructure NSW Restart team where the project is to be considered for funding in part or full by Restart NSW and only for SBC or FBC Gateway Reviews To Cabinet, the Premier’s Office, the Treasurer’s Office or the Minister for Infrastructure’s Office upon request only Final Review Reports with delivery agency responses are not to be distributed to any other parties (other than those specified above) unless directed by the CEO Infrastructure NSW or Deputy CEO Infrastructure NSW. If other parties (including responsible Ministers) request a copy they should be directed to the responsible delivery agency SRO / Secretary or Chief Executive Officer to request a copy SROs (as owners of the final report) are able to distribute the final report, which remain ‘Sensitive NSW Cabinet’ documents, at their discretion, having regard to the confidential nature of the report
Watermarks	<ul style="list-style-type: none"> Draft Review reports to include Watermark: “DRAFT for delivery agency XXX checking” Final Review reports (excluding delivery agency responses to recommendations) to include Watermark: “FINAL for delivery agency XXX Response” Final Review reports (including delivery agency responses to recommendations) to include watermark: “FINAL issued to XXX” (where XXX is name of recipient delivery agency or organisation report is issued to)
Format	<ul style="list-style-type: none"> All versions of reports issued by the Review Team to Infrastructure NSW to be in Word format Draft Review reports issued to delivery agency for fact-checking in Word format Final Review reports (excluding delivery agency responses to recommendations) issued to delivery agency for response to recommendations in PDF format with table of recommendations issued to delivery agency in Word format Final Review reports (including delivery agency responses to recommendations) issued in PDF format
Transmittal	Infrastructure NSW to keep a record of all parties (including the versions) to whom reports are issued

Attachment D Regular Project Reporting Rating System

The definitions for the traffic light system for overall project status are shown in **Table D1**.

Table D1 Regular project reporting - Overall project status definitions

Status		Legend on HPHR report	Detailed description in portal
Green		No major unmitigated risks	No major unmitigated risks identified
Amber		Major risks appropriately mitigated	Major risks identified but appropriate mitigating actions being taken
Red		Further action required to mitigate major risks	Major unmitigated risks identified - further action required

The definitions for the traffic light system for project time and cost status are shown in **Table D2** and **Table D3**.

Table D2 Regular project reporting - Project time status definitions







Status		Legend on HPHR report	Detailed description in portal
Green		On-track	Project/program is on track and is expected to be delivered within approved timeframes. No major unmitigated risks identified.
Amber		At risk	Project/program is at risk of not being delivered within approved timeframes. Appropriate mitigating actions are being taken that address major risks to time.
Red		Not on-track	Project/program is not on-track and is not expected to be delivered within approved timeframes. Further actions are required to address unmitigated major risks to time.

Table D3 Regular project reporting - Project cost status definitions

Status		Legend on HPHR report	Detailed description in portal
Green		On-track	Project/program is on track and is expected to be delivered within approved budget. No major unmitigated risks identified.
Amber		At risk	Project/program is at risk of not being delivered within approved budget. Appropriate mitigating actions are being taken that address major risks to budget.
Red		Not on-track	Project/program is not on-track and is not expected to be delivered within approved budget. Further actions are required to address unmitigated major risks budget.

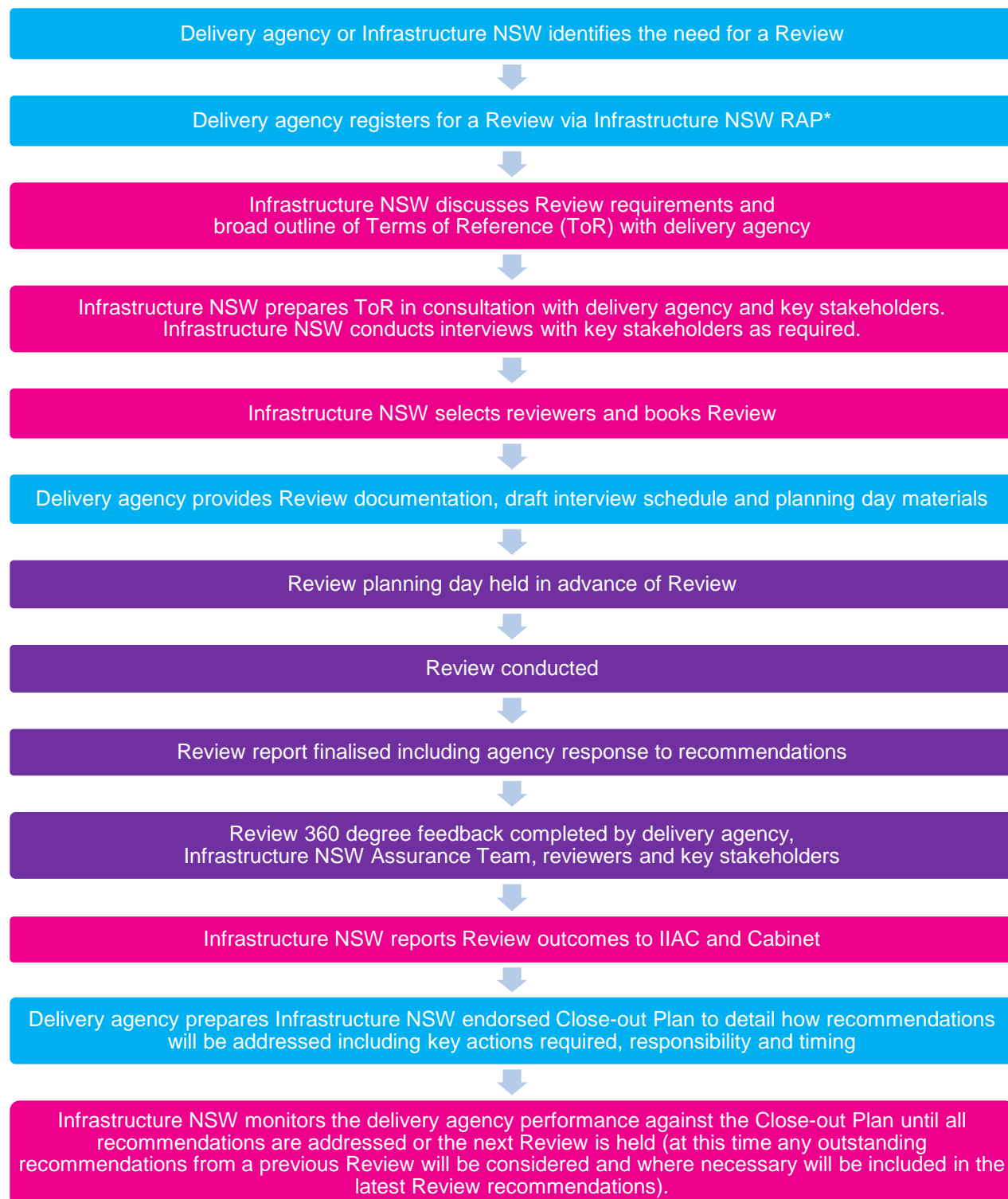
Attachment E Project profile/risk criteria, criteria scores and weightings

Criteria and Weighting	Priority and Risk level	Score
Government priority: 25% The level <u>and</u> timing of project or program priority, where: <ul style="list-style-type: none"> The level of priority for a project is specifically mandated (or where a Ministerial authority has been given to mandate that a project is a priority) in documents such as the NSW Budget, Premier's Priorities, State Infrastructure Strategy, Election Commitment, or is a response to a Legislative Change. Alternatively, the project is an enabler of a mandated priority project. The timing of the priority project can be either within or outside the Forward Estimates and relates to planning/development commencement, construction commencement or construction completion. <u>These two conditions should exist.</u>	<u>Very high Government priority</u> Mandated priority project, and final business case or construction to be <u>completed</u> within forward estimates	5
	<u>High Government priority</u> Mandated priority project, and final business case or construction to <u>commence</u> within forward estimates	4
	<u>Medium Government priority</u> Mandated priority project, and final business case or construction to be completed outside forward estimates but within the next 1-2 years beyond forward estimates	3
	<u>Lower Government priority</u> Mandated priority project, and final business case and construction to commence outside forward estimates but within the next 3-6 years beyond forward estimates	2
	<u>Very low Government priority</u> Agency priority in Agency Strategic Plan over the next 10 years	1
	<u>Extremely low Government priority</u> Not a documented Government priority	0

Criteria and Weighting	Priority and Risk level	Score
Interface complexity: 20% The extent to which the project or program's success will depend on the management of complex dependencies with other: <ul style="list-style-type: none"> ▪ Institutions - certain bodies are contributing to the funding of the project or will be given operational responsibility; and/or ▪ Projects or services - there are fundamental interdependencies with other projects or services that will directly influence the scope and cost of the project. 	<u>Very high interface complexity risk</u> <ul style="list-style-type: none"> ▪ Institutional interface between Federal, local and private entities, or ▪ Fully interdependent on other projects or services 	5
	<u>High interface complexity risk</u> <ul style="list-style-type: none"> ▪ Institutional interface with 2 entities (Federal, local or private), or ▪ Important interdependencies with other projects or services 	4
	<u>Medium interface complexity risk</u> <ul style="list-style-type: none"> ▪ Institutional interface with 1 entity (Federal, local or private), or ▪ Some interdependencies with other projects or services 	3
	<u>Low interface complexity risk</u> <ul style="list-style-type: none"> ▪ Institutional interface with 1 entity, or ▪ Minor interdependence with other projects or services 	2
	<u>Very low interface complexity risk</u> <ul style="list-style-type: none"> ▪ Very little or infrequent interface with entities, or ▪ Very little interdependence on other projects or services 	1
	<u>Extremely low interface complexity risk</u> No interface complexity	0
Complexity of procurement: 20% The extent to which a project or program requires, sophisticated, customised or complex procurement methods (non-traditional), thereby increasing the need for a careful assessment and management of risk. Procurement complexity may also be influenced by the extent of agency experience and capability. For example, some procurement methods (e.g. ECI) may be used more commonly by some agencies and represent a lower procurement risk.	<u>Very high procurement complexity risk</u> Highly complex procurement. For example Public Private Partnership (PPP), or a Hybrid that includes a PPP.	5
	<u>High procurement complexity risk</u> Unconventional complex procurement. For example an Alliance or hybrid Alliance.	4
	<u>Medium procurement complexity risk</u> Some procurement complexity. For example, Early Contractor Involvement.	3
	<u>Lower procurement complexity risk</u> Minor procurement complexity. For example Directly Managed Contract.	2
	<u>Very low procurement complexity risk</u> Business as usual procurement. For example Design and Construct.	1
	<u>Extremely low procurement complexity risk</u> No procurement complexity. For example routine procurement method for a routine infrastructure product that is purchased.	0

Criteria and Weighting	Priority and Risk level	Score
Agency capability: 20% The extent to which the sponsor agency has demonstrated capability (skills and experience), or can access through recruitment or procurement the required capability in the development and / or delivery of the type of project or program proposed and/or its delivery strategy.	<u>Very high agency capability risk</u> No projects of this type previously delivered over the last 10 years	5
	<u>High agency capability risk</u> Few number of projects of this type previously delivered over the last 10 years	4
	<u>Medium agency capability risk</u> At least 5 projects of this type over the last 5 years	3
	<u>Lower agency capability risk</u> Multiple recurring projects	2
	<u>Very low agency capability risk</u> Business as usual type projects	1
	<u>Extremely low agency capability risk</u> No agency capability risk for routine	0
Essential service: 15% The extent to which a project is essential to meet a deficiency that would otherwise have serious adverse impacts on the functioning of an existing community or the growth of a new community.	<u>Very high essential service</u> Addresses an urgent and critical deficiency that could have an adverse impact upon service delivery for an existing community or the growth of a new community. For example: <ul style="list-style-type: none"> ▪ The provision of water or energy security; or ▪ An accelerated and unexpected demand for services (such as meeting rising demand for correctional facilities or to provide essential transport access) 	5
	<u>High essential service</u> Addresses a serious deficiency that could have a high impact upon service delivery for an existing community or the growth of a new community.	4
	<u>Medium essential service</u> Addresses an important deficiency that could have a medium impact upon service delivery for an existing community or the growth of a new community.	3
	<u>Lower essential service</u> Addresses some deficiency that could have a low impact upon service delivery for an existing community or the growth of a new community.	2
	<u>Very low essential service</u> Addresses minor deficiency that could have a very low impact upon service delivery for an existing community or the growth of a new community. For example the provision of cultural projects.	1
	<u>Extremely low essential service</u> Not an essential service	0

Attachment F Typical Gateway Review and Health Check Process



* RAP is to be updated to allow for this functionality, in the interim a delivery agency is to complete a Review registration form and send to Infrastructure NSW Assurance Team.

Attachment G Tier 1 – High Profile/High Risk Project Report Template

Draft Design Update Not a Real Project

\$145M
ETC - PPP



Transport for NSW
Critical State Significant Infrastructure
Premier's Priority

Including: \$50M
COST TO NSW GOVERNMENT

Project description: Scope and rationale text tex text tText text text Project description: Text text text text text text text
Project description: Text text text Project description: Text text text Project description: Text text text text text text text
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Project description: Text text text Project description: Text text text Project description: Text text text text text text text

Current Status

What has happened over last three months, major milestones, any issues. What has happened over last three months, major milestones, any issues What has happened over last three months, major milestones, any issues
What has happened over last three months, major milestones, any issues

Next Steps

What is happening over next three months, major milestones, any issues. What is happening over next three months, major milestones, any issues. What is happening over next three months, major milestones, any issues.
What is happening over next three months, major milestones, any issues.

Gateway Progress

Gateway

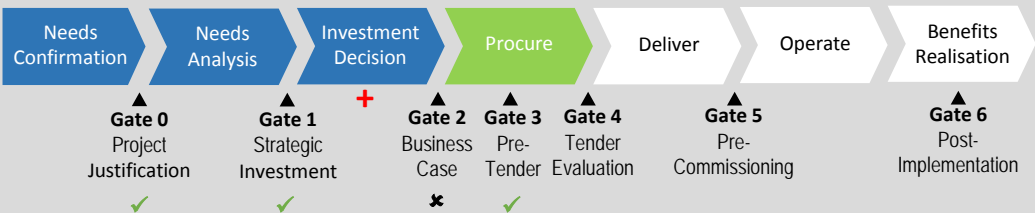
Complete

Not done

In progress

Scheduled

Health check



Planning Assessment Status

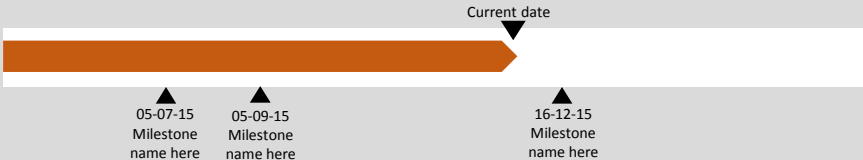


Overall Project Status

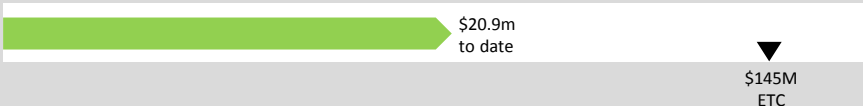
No major unmitigated risks
 Major risks appropriately mitigated
 Action required to mitigate major risks

OVERALL:

Time



Cost



Contingency



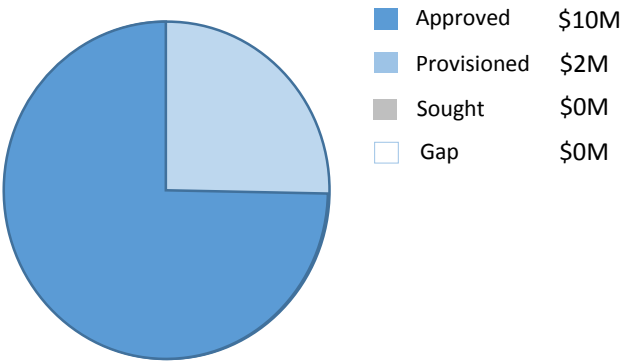
Status Change

On-track
 At Risk
 Not on-track

Executive Summary

Summary of project location, type of work and packages. Information about industry participants. Overview of funding and how it is working. Summary of project location, type of work and packages. Information about industry participants. Overview of funding and how it is working. Summary of project location, type of work and packages. Information about industry participants. Overview of funding and how it is working. Summary of project location, type of work and packages. Information about industry participants. Overview of funding and how it is working. Summary of project location, type of work and packages. Information about industry participants. Overview of funding and how it is working. Summary of project location, type of work and packages. Information about industry participants. Overview of funding and how it is working.

Funding Summary



Project Risks

Top 5 project risks and mitigations, listing the critical risks to the project as they change over time. Summary of the Gateway review close out actions, how many outstanding and whether they are RED / AMBER / GREEN. Top 5 project risks and mitigations, listing the critical risks to the project as they change over time. Summary of the Gateway review close out actions, how many outstanding and whether they are RED / AMBER / GREEN. Top 5 project risks and mitigations, listing the critical risks to the project as they change over time. Summary of the Gateway review close out actions, how many outstanding and whether they are RED / AMBER / GREEN. Top 5 project risks and mitigations, listing the critical risks to the project as they change over time. Summary of the Gateway review close out actions, how many outstanding and whether they are RED / AMBER / GREEN.

Project Safety

Summary of current or potential safety issues. Reported incidents, near misses. Not general safety approach. Only comments on performance.

Apprentices Engaged:

88

Attachment H Complex Projects and Programs

Program

A program is a temporary, flexible organisation created to coordinate, direct and oversee the implementation of a set of related projects and activities in order to deliver outcomes and benefits related to the organisation's strategic objectives. A program is likely to be longer term and have a life that spans several years. Programs typically deal with outcomes; whereas projects deal with outputs.

Projects that form part of a program may be grouped together for a variety of reasons including spatial co-location (e.g. Western Sydney Infrastructure Program), the similar nature of the projects (e.g. Bridges for the Bush) or projects collectively achieving an outcome (e.g. 2018 Rail Timetable). Programs provide an umbrella under which these projects can be coordinated. This is represented in Figure H1.

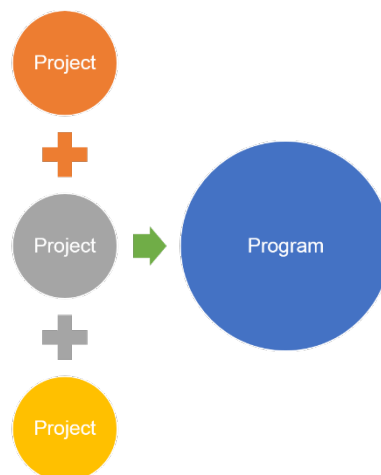


Figure H1 Program

Programs can be linear in nature with individual projects being delivered consecutively or with staggered starts. Other programs may be very complex in nature where the component parts of a program could be individual projects or smaller groups of projects (sub-programs). In some instances, this may not be linear with some component parts of the program fully delivered before other parts of the program have been completed or even commenced. This is represented in Figure H2.

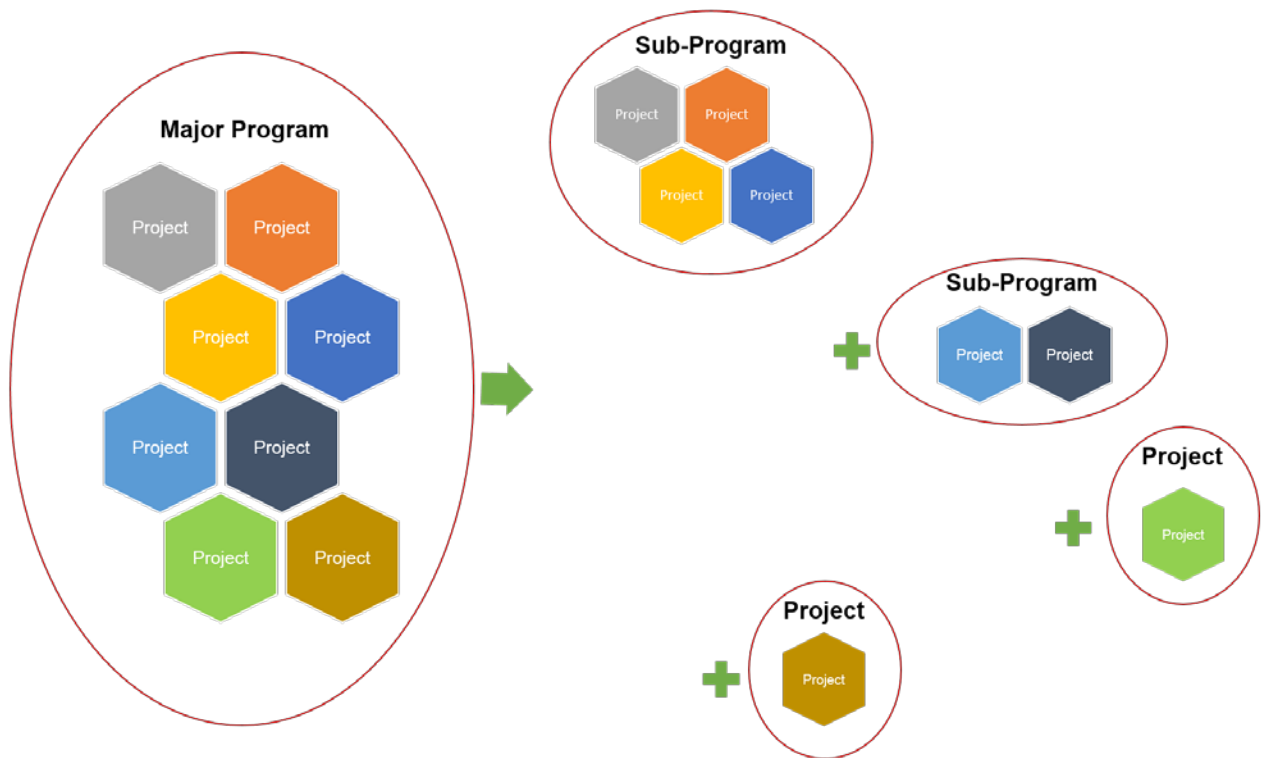


Figure H2 Program delivery

Project

A project is a temporary organisation, usually existing for a much shorter duration than a program, which will deliver one or more outputs in accordance with an agreed business case. Under the IIAF a capital project is defined as infrastructure, equipment, property developments or operational technology that forms a component of a capital project.

Projects are typically delivered in a defined time period on a defined site. Projects have a clear start and finish. Projects may be restricted to one geographic site or cover a large geographical area, however, will be linked and not be geographically diverse.

A particular project may or may not be part of a program.

Where a project is delivered in multiple stages and potentially across varying time periods it is considered a 'complex project'. Refer to the definition for 'complex project'

Complex Project

A project may be delivered in multiple stages and potentially across varying time periods. This could also be across a large (but connected) geography. Individual project stages may be identified during the development phase or during the procurement and delivery phases when individual project stages are being procured and delivered under different contracts and potentially over different time periods.

When a large project is delivered in multiple stages it may be considered a complex project. This is represented in Figure H3.

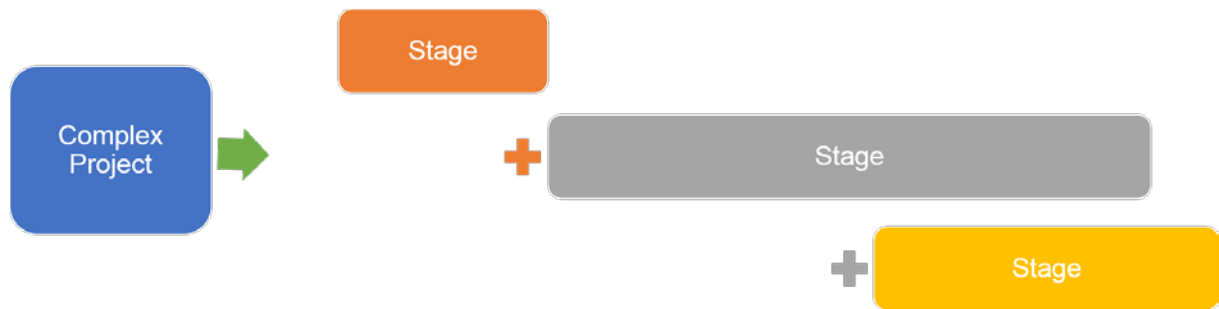


Figure H3 Complex Project

Attachment I Examples of typical Modified Project Assurance Plan for complex projects and programs

EXAMPLE MODIFIED PROJECT ASSURANCE PLAN FOR A TYPICAL COMPLEX PROJECT/PROGRAM: SEGMENTED AFTER GATE 1

Needs Confirmation			Needs Analysis			Investment Decision			Procure			Deliver		Operate/Benefit Realisation				
► RISK	► TIER	► GATE 0	► RISK	► TIER	► GATE 1	► RISK	► TIER	► GATE 2	► RISK	► TIER	► GATE 3	► GATE 4	► GATE 5	► GATE 6	► GATE 6			
TYPICAL COMPLEX PROJECT/ PROGRAM																		
COMPLEX PROJECT/PROGRAM						COMPLEX PROJECT/PROGRAM										COMPLEX PROJECT/PROGRAM		
Assess risk profile of complex project/ program			Confirm risk profile of complex project/ program			Assess risk profile of component parts			Confirm risk profile of component parts			Pre-Tender Assessment of component parts		Benefits Realisation Assessment of component parts (if relevant)		Benefits Realisation Assessment of complex project/ program (post all component parts completed)		
► Risk Profiling	Tier 1	► Mandatory	► Risk Profiling	Tier 1	► Mandatory	► Risk Profiling	Tier 1	► Mandatory	► Risk Profiling	Tier 1	► Mandatory	► Mandatory	► Mandatory	► Mandatory	► Mandatory			
2						► Risk Profiling	Tier 2	► Mandatory	► Risk Profiling	Tier 2	3	► Optional	► Optional	► Optional	► Optional	4		
						► Risk Profiling	Tier 3	► Optional	► Risk Profiling	Tier 3	► Optional	► Optional	► Optional	► Optional	► Optional	► Optional		
						► Risk Profiling	Tier 4	►	► Risk Profiling	Tier 4	►	►	►	►	►	►		
► Tier 2			► Mandatory	► Risk Profiling	Tier 2	► Mandatory	► Risk Profiling	Tier 2	► Risk Profiling	Tier 2	3	► Optional	► Optional	► Optional	► Optional	► Optional	4	
2						► Risk Profiling	Tier 3	► Optional	► Risk Profiling	Tier 3	► Optional	► Optional	► Optional	► Optional	► Optional	► Optional		
						► Risk Profiling	Tier 4	►	► Risk Profiling	Tier 4	►	►	►	►	►	►		
► Tier 3			► Mandatory	► Risk Profiling	Tier 3	► Optional	► Risk Profiling	Tier 3	► Optional	► Risk Profiling	Tier 3	3	► Optional	► Optional	► Optional	► Optional	4	
2						► Risk Profiling	Tier 4	►	► Risk Profiling	Tier 4	►	►	►	►	►	►		
ORDINARY PROJECT PROJECT																		
Risk profile of project			Confirm risk profile of project			Confirm risk profile of project			Confirm risk profile of project			Pre-Tender Assessment of project		Benefits Realisation Assessment of project				
► Risk Profiling	Tier 1	► Mandatory	► Risk Profiling	Tier 1	► Mandatory	► Risk Profiling	Tier 1	► Mandatory	► Risk Profiling	Tier 1	► Mandatory	► Mandatory	► Mandatory	► Mandatory	► Mandatory			
1	► Tier 2	► Mandatory	► Risk Profiling	Tier 2	► Mandatory	► Risk Profiling	Tier 2	► Mandatory	► Risk Profiling	Tier 2	► Optional	► Optional	► Optional	► Optional	► Optional			
	► Tier 3	► Mandatory	► Risk Profiling	Tier 3	► Optional	► Risk Profiling	Tier 3	► Optional	► Risk Profiling	Tier 3	► Optional	► Optional	► Optional	► Optional	► Optional			
	► Tier 4	►	►	►	►	►	►	►	►	►	►	►	►	►	►			
Notes																		
1	Ordinary path of a project throughout the Gateway process. A Project Tier is typically assigned for the full scope of the project/ program.					2	Splitting of a complex project/program into component parts (project stages, individual projects or sub-programs) post Gate 1. These may be classified as different Project Tiers.					3	Component parts of a complex project/program (project stages, individual projects or sub-programs) with lower Project Tiers may not require mandatory Reviews.			4	Component parts (project stages, individual projects or sub-programs) are collapsed back into the overarching complex project/program to determine whether the original intended benefits have been realised	

EXAMPLE MODIFIED PROJECT ASSURANCE PLAN FOR A TYPICAL COMPLEX PROJECT/PROGRAM: SEGMENTED AFTER GATE 2

Needs Confirmation		Needs Analysis		Investment Decision		Procure		Deliver		Operate/Benefit Realisation																														
RISK	TIER	GATE 0	RISK	TIER	GATE 1	RISK	TIER	GATE 2	RISK	TIER	GATE 3	GATE 4	GATE 5	GATE 6	GATE 6																									
TYPICAL COMPLEX PROJECT/ PROGRAM																																								
COMPLEX PROJECT/PROGRAM									COMPONENT PARTS: PROJECT STAGES/INDIVIDUAL PROJECTS/SUB-PROGRAMS							COMPLEX PROJECT/ PROGRAM																								
Assess risk profile of complex project/ program			Determine complex project/ program Tier			Project Justification of complex project/ program			Confirm risk profile of complex project/ program			Determine complex project/ program Tier			Strategic Assessment of complex project/ program SBC			Confirm risk profile of complex project/ program			Determine complex project/ program Tier			Business Case Assessment of complex project/ program FBC			Assess risk profile of component parts		Determine component parts Tier		Pre-Tender Assessment of component parts		Tender Evaluation Assessment of component parts		Pre-commissioning Assessment of component parts		Benefits Realisation Assessment of component parts (if relevant)		Benefits Realisation Assessment of complex project/ program (post all component parts completed)	
Risk Profiling			Tier 1			Mandatory			Risk Profiling			Tier 1			Mandatory			Risk Profiling			Tier 1			Mandatory			Risk Profiling		Tier 1		Mandatory		Mandatory		Mandatory		Mandatory		Mandatory	
																					Risk Profiling		Tier 2		3		Optional		Optional		Optional		Optional		Optional		4			
																					Risk Profiling		Tier 3				Optional		Optional		Optional		Optional							
																					Risk Profiling		Tier 4																	
Tier 2			Mandatory			Risk Profiling			Tier 2			Mandatory			Risk Profiling			Tier 2			Mandatory			Risk Profiling		Tier 2		3		Optional		Optional		Optional		Optional		Optional		
																					Risk Profiling		Tier 3		3		Optional		Optional		Optional		Optional		Optional		4			
																					Risk Profiling		Tier 4																	
Tier 3			Mandatory			Risk Profiling			Tier 3			Optional			Risk Profiling			Tier 3			Optional			Risk Profiling		Tier 3		3		Optional		Optional		Optional		Optional		Optional		
																					Risk Profiling		Tier 4		3												4			
ORDINARY PROJECT																																								
Risk profile of project		Determine project Tier		Project Justification of project		Confirm risk profile of project		Determine project Tier		Strategic Assessment of project SBC		Confirm risk profile of project		Determine project Tier		Business Case Assessment of project FBC		Confirm risk profile of project		Determine project tier		Pre-Tender Assessment of project		Tender Evaluation Assessment of project		Pre-commissioning Assessment of project		Benefits Realisation Assessment of project												
Risk Profiling		Tier 1		Mandatory		Risk Profiling		Tier 1		Mandatory		Risk Profiling		Tier 1		Mandatory		Risk Profiling		Tier 1		Mandatory		Mandatory		Mandatory		Mandatory												
1		Tier 2		Mandatory		Risk Profiling		Tier 2		Mandatory		Risk Profiling		Tier 2		Mandatory		Risk Profiling		Tier 2		Optional		Optional		Optional		Optional												
		Tier 3		Mandatory		Risk Profiling		Tier 3		Optional		Risk Profiling		Tier 3		Optional		Risk Profiling		Tier 3		Optional		Optional		Optional		Optional												
		Tier 4																																						
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