



## REVISED PROJECT SIZE /RISK THRESHOLDS FOR THE SUBMISSION OF BUSINESS CASES AND GATEWAY REPORTS

**This Circular announces a single set of Business Case thresholds for all asset classes which supersede previous thresholds, including those for ICT. This Circular should be read in conjunction with Treasury Circular NSWTC 08/06 *Total Asset Management (TAM) Policy Requirements for Updating the NSW State Infrastructure Strategy*.**

### Summary

The NSW Government has endorsed a new process for developing the 10-year State Infrastructure Strategy (SIS). This includes a single set of project size/risk thresholds for the submission of business cases and Gateway Review irrespective of asset class. Specific requirements are set out below in Table 1. These thresholds will be reviewed and updated on a regular basis. Prior thresholds, including those for ICT, are superseded.

This Circular applies to all General Government agencies and Government businesses except those State Owned Corporations (SOCs) not on the *Nominated Agencies* list, on Treasury's TAM web site.

For more information on Business Cases, go to the NSW Treasury website – [www.treasury.nsw.gov.au](http://www.treasury.nsw.gov.au) for:

- Business Case Guidelines
- Treasury Policy & Guidelines Paper TPP 07-6 - Economic Appraisal: Principles and Procedures Simplified.
- Treasury Policy & Guidelines Paper TPP 08-2 – Total Asset Management (TAM) Policy Requirements for Updating the NSW State Infrastructure Strategy (SIS).
- Treasury Policy & Guidelines Paper TPP 07-4 - Financial Appraisal
- Treasury Circular TC 06/23 Information and Communications Technology (ICT) Capital Investment Process
- Treasury Circular TC 04/07 - Procurement Policy Reform

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Secretary

## Thresholds for business cases and Gateway Reviews

All General Government agencies and Government businesses, including *Nominated* SOCs are required to provide Treasury with business cases and Gateway Review reports according to the proposed projects' cost and risk, as summarised in the following table. Only SOCs not on the *Nominated* Agencies list are exempt from this requirement. These thresholds apply to all asset classes and replace the separate thresholds previously applied to ICT. The thresholds apply irrespective of the source of funds.

Projects are defined as discrete, non-recurring scopes of effort that have explicit objectives and operate via a nominated schedule, budget and resources. A program is a collection of projects that are highly inter-related in their delivery and objectives. Agencies may wish to consider the submission of business cases for programs of works, where individual projects are related in objectives. This should be discussed with each agency's Treasury analyst and could include business cases for programs of minor works, including routine upgrade or maintenance of existing assets.

Business Cases (preliminary and final) should include economic and financial appraisals of a range of options, consistent with Treasury Guidelines (available on Treasury's website). The level of detail and accuracy required in an appraisal depends on the scale and risk of the project and the stage of development, and should be determined in consultation with Treasury.

**Table 1: Thresholds for business cases and Gateway Reviews**

	Project Estimated Total Cost (ETC, \$ Million)			
	< \$1 M	\$1-10 M	\$10-50 M	Over \$50 M
<b>Preliminary Business Case</b> <sup>1</sup>	No	No, unless project is proposed to be published in SIS.	Yes - for projects in years 2 – 4 of the upcoming forward estimates period	Yes – for projects in the upcoming 5 - 10 year period
<b>Final Business Case</b> <sup>2</sup>	No	Yes	Yes	Yes
<b>Risk Assessment</b> <sup>3</sup>	<b>Internal</b>	Done by agency. Results reviewed by Treasury	Done by agency. Treasury to formally sign off on risk assessments for proposals assessed by agency as low risk.	
<b>Strategic Gateway</b>	No	No	Yes - for projects <ul style="list-style-type: none"> <li>• in years 2 – 4 in the upcoming forward estimates period, or</li> <li>• proposed for SIS publication or other public statement, unless assessed as low risk and not requested by Treasury.</li> </ul>	
<b>Business case stage Gateway</b> <sup>3</sup>	No	No unless high risk or requested by Treasury.	Yes unless assessed as low risk and not requested by Treasury.	

**Notes:**

- (1) Preliminary business cases required by 1 July for projects commencing more than 12 months later. Consult with Treasury regarding the year in which to first provide a preliminary business case (for projects in very early planning stages) and the level of updates required in subsequent years.
- (2) Final business cases required to support final project approval. Budget dependent agencies should submit final business cases no later than with *Proposed* TAM data and other budget submission material.
- (3) Risk assessment for projects over \$1m undertaken using the Gateway Project Profile Assessment risk evaluation tool.