

NSW Gateway Policy

The Government has approved a revised NSW Gateway Policy (TPP17-01). The new policy applies with immediate effect to all General Government agencies and Government businesses. The policy applies to State Owned Corporations to the extent made applicable under the Commercial Policy Framework. This Circular withdraws and replaces TC10-13 (Gateway Review System) and TC11-14 (Gateway Review System and Business Case Guidelines).

Summary:

The intent of the Gateway process is to provide the NSW Government, as the investor, with a level of confidence that the State's programs and projects are being effectively developed and delivered on time, on budget and in accordance with the Government's objectives. It is also intended to assist delivery agencies by providing independent assessments to complement agency internal assurance arrangements and support a delivery agency to deliver successful outcomes. Gateway entails peer reviews conducted by independent experts at key decision points in a project or program's lifecycle.

Gateway reviews have been undertaken in NSW for over ten years, primarily for capital projects based on financial thresholds. The new NSW Gateway Policy (TPP17-01):

- adopts a risk based approach to determine when, and at what decision points, Gateway reviews should be undertaken
- makes the Gateway process applicable to all significant Government investment/spending decisions (i.e. capital and recurrent spend)
- sets minimum requirements for risk based review frameworks
- specifies Gateway Coordination Agencies (GCAs) who are responsible for the design and administration of these frameworks, coordinating reviews and reporting on performance
- nominates Infrastructure NSW (INSW) as the GCA for capital investments, the Department of Finance Services and Innovation (DFSI) for ICT investments and Treasury for major recurrent investments
- clarifies roles and responsibilities of policy owner, GCAs and delivery agencies.

Gateway is the core element of each GCA framework, which determine its application based on relevant risk tier classification. GCA frameworks also set out associated project and program reporting and monitoring.

The policy applies to all General Government agencies and Government businesses. State Owned Corporations are required to comply with the policy to the extent required under the Commercial Policy Framework.

As previously notified (Treasury Circular TC16-09), the Government approved the Infrastructure Investor Assurance Framework (IIAF), administered by INSW, in June 2016. The Government has now approved the ICT Assurance Framework (IAF), administered by DFSI, and the Recurrent Investor Assurance Framework (RIAF), administered by Treasury. These frameworks are consistent with TPP17-01.

Agencies are advised to familiarise themselves with these frameworks which will operate in conjunction with Treasury's existing budget and project approval processes. Copies of the policy and framework documents are available from the relevant GCA internet sites as outlined below.

Document	Website location	Contact
NSW Gateway Policy	NSW Treasury Document & Resources Library on website www.treasury.nsw.gov.au	Andrew Alam (02) 9228 4455 andrew.alam@treasury.nsw.gov.au
Infrastructure Investor Assurance Framework	Infrastructure NSW http://infrastructure.nsw.gov.au/project-assurance	Anissa Levy (02) 8016 0111 anissa.levy@infrastructure.nsw.gov.au
ICT Assurance Framework	https://www.finance.nsw.gov.au/ict/priorities/ict-investment/ict-assurance-framework	Mark Howard (02) 9372 7194 mark.howard@finance.nsw.gov
Recurrent Investor Assurance Framework	NSW Treasury Document & Resources Library on website www.treasury.nsw.gov.au	Andrew Alam (02) 9228 4455 andrew.alam@treasury.nsw.gov.au

State Owned Corporations should initially refer to the Commercial Policy Framework. For further information on the application of this Policy, please contact your Treasury SOC Investment Manager.

Relevant agencies were required to comply with the IIAF in July 2016.

Interim arrangements were in place for ICT projects pending Government approval of the IAF. Agencies to which this policy applies are now required to comply with the approved IAF for ICT projects. Treasury will provide separate advice on the implementation of the RIAF, following further consultation with clusters on timing and other operational matters.

This Gateway Policy forms part of a comprehensive suite of guidance that covers all aspects of investment policy. Treasury will be issuing a compendium that will integrate various other topics such as guidelines for Business Cases and Cost Benefit Analysis with Gateway Policy.

This Circular withdraws and replaces TC10-13 (Gateway Review System) and TC11-14 (Gateway Review System and Business Case Guidelines).

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1. Background

Gateway is a project assurance process that assesses projects or programs based on risk in order to mandate and conduct independent peer reviews at key decision points, or gates, in a project or program's lifecycle. Gateway aims to provide both the investor and delivery agency assurance regarding the project's readiness for success

Independent assurance provided by Gateway plays an important role in supporting good outcomes for the State. Gateway's role is to identify risks and provide advice to strengthen project justification, delivery and benefit realisation. Gateway complements an agency's internal assurance processes, it does not replace them.

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2. NSW Gateway Policy (TPP17-01)

The Policy takes a principles-based approach, using risk as a basis for determining the application of the Gateway process rather than pure dollar thresholds. This will allow better targeting of Gateway resources and improve overall assurance to delivery agencies and Government. The Policy:

- establishes a Gateway Coordination Agency (GCA) for each major category of spend: INSW as the GCA for capital, DFSI for ICT projects and Treasury for major recurrent projects.
- requires each GCA to develop, obtain Government approval, and implement a risk assessment Framework (GCA Framework) that sets out its detailed approach to Gateway reviews. Separate risk based GCA Frameworks for capital, ICT and major recurrent projects enable processes to be tailored to the differing characteristics of these projects
- sets the minimum requirements for each GCA Framework to ensure consistency in the application of Gateway. These requirements include the risk criteria that GCAs must include and appropriately weight in designing their risk assessment frameworks. The GCA Framework must also include Gates aligned to those outlined in the Policy
- requires GCA Frameworks to identify the financial threshold above which projects or programs are required to be risk assessed under each Framework. The number and application of Gates is determined by the risk assessment under the appropriate Framework
- clarifies the roles and responsibilities of policy owner, GCAs and delivery agencies
- requires Gateway review reports to be shared with delivery agencies and Treasury and requires GCAs to also report periodically to Treasury to allow for monitoring of the effectiveness and efficiency of Gateway.

Projects are classified into 4 Tiers following a risk assessment based on criteria and weightages outlined in each Gateway Coordination Framework. Projects identified as high profile / high risk (HPHR) will form Tier 1 projects under each Framework and will attract the highest level of scrutiny. HPHR projects require all gates in the Framework to be completed. Projects assessed to have a lower risk than Tier 1 will be subject to fewer gates depending on the requirements of each Framework.