NSW GOVERNMENT | Treasury

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TPP

18-05

Policy and Guidelines Paper

Major Projects Policy for Government Businesses

Preface

The *Major Projects Policy for Government Businesses* (Policy) forms part of the NSW Government's Commercial Policy Framework. The Framework aims to replicate in government businesses the disciplines and incentives that lead private sector businesses towards efficient commercial practices.

In 2016 the Cabinet Expenditure Review Committee (ERC) approved reforms to the Commercial Policy Framework to subject major capital projects undertaken by State Owned Corporations (SOCs) to comparable review and assurance as the Infrastructure NSW *Infrastructure Investor Assurance Framework* (IIAF) and the Department of Finance, Services and Innovation *Information and Communications Technology Assurance Framework* (IAF).

This 2018 edition of the Major Projects Policy reflects the approved reforms and ensures a consistent approach to the assurance of major projects. The policy aims to balance the need for Government oversight of major projects with the independent management and/or board governance of government businesses. It enables effective oversight of major projects through:

- improving visibility of upcoming projects
- strengthening and applying a more consistent approach to assurance and monitoring
- recognising higher and lower major project thresholds for organisations that differ in size and annual expenditure.

This Policy does not set a single definition of major projects nor a single threshold for when actions are required. Such an approach would be too broad and would not take into account differences in revenue, expenditure and the asset base of government businesses. Instead this Policy sets requirements according to levels of project risk, the type of entity involved, the nature of the project, and the project status.

The *Major Projects Policy for Government Businesses*, 2018, supersedes the previously issued TPP02-04 *Guidelines for Assessment of Projects of State Significance*.

Michael Pratt AM
Secretary
NSW Treasury

July 2018

Treasury reference: TPP18-05

Note
General inquiries concerning this document should be initially directed to your Treasury customer relationship contact or to the Commercial Policy team at: commercialpolicy@treasury.nsw.gov.au.

This publication can be accessed from the Treasury's website www.treasury.nsw.gov.au/.

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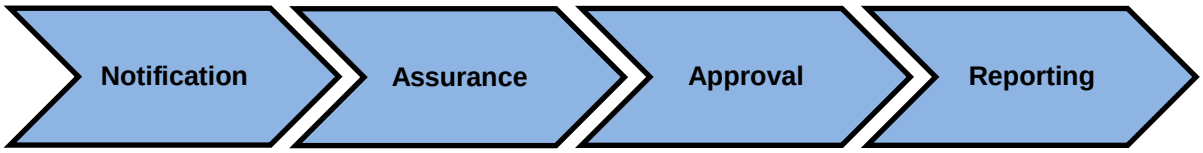
Purpose

The purpose of the *Major Projects Policy for Government Businesses* is to ensure that government businesses deliver the right major projects, effectively and efficiently, to benefit the people of New South Wales. The Policy aims to ensure that major projects considered by government businesses are dealt with consistently in terms of four requirements:



The Policy outlines the Cabinet approval requirements for major projects being undertaken by government businesses, including State Owned Corporations (SOCs).

The Policy also outlines where the *NSW Gateway Policy* applies to SOCs, including the criteria determining whether or not a project must undergo independent peer review under the *Infrastructure Investor Assurance Framework* (IIAF) or the *ICT Assurance Framework* (IAF).

Application of the Policy

This Policy applies to government businesses including:

- government entities classified as public non-financial corporations (PNFC) or public financial corporations (PFC)
- SOCs, which are a distinct PNFC entity type with specific obligations pursuant to the *State Owned Corporations Act 1989*.

In this Policy reference is made to SOCs and non-SOC government businesses. A **non-SOC government business (non-SOC GB)** may be in the PNFC or PFC sectors.

The relevant minister in the case of SOCs are Shareholding Ministers and in the case of a non-SOC government business it is the Treasurer.

This policy does not apply to government businesses in the General Government Sector.

Other policies designed to be read in conjunction with this Policy are listed at **Appendix A**.

Thresholds for major projects

In this Policy a major project is a project that meets or exceeds a certain threshold in terms of its Estimated Total Cost (ETC). These thresholds vary according to the:

- nature of the project, such as whether it is an infrastructure or an ICT project, or whether the project involves recurrent investment
- nature of the government business undertaking the project, such as whether the business is routinely involved in projects that have relatively large ETCs (a High-Threshold SOC) or whether undertaking a project with a large ETC is unusual for that business (a Low-Threshold SOC)
- different requirements set by this policy across the lifecycle of a project, including notification, assurance, approval, and reporting.

High-Threshold SOC in this policy covers SOCs operating in the price-regulated utilities markets, and Landcom.

Low-Threshold SOC in this policy covers the Forestry Corporation of NSW and the Port Authority of NSW.

Tables A and B at the end of this Policy summarise the ETC thresholds that apply to High-Threshold and Low-Threshold SOCs.

Table C summarises the ETC thresholds that apply to non-SOC GBs.

For both SOCs and non-SOC government businesses, major project thresholds apply to a single investment or cumulatively to a series of linked investments.

1 Notification

The Statements of Intent and annual Business Plans prepared by government businesses should include an overall capital investment plan. Major projects that meet or exceed the thresholds in this Policy should be separately described and reported in the annual Business Plan.

Government businesses should provide notification of projects to Treasury and the relevant minister early in a project's lifecycle while the SOC board or government business is considering the range of options available to address a specific issue.

Given the long development periods for major projects it is anticipated that this notification requirement will be met by early disclosure in the annual Business Plan. However, in instances where planning for a major project begins less than a year before its expected commencement date, government businesses should meet the notification requirement by engaging with Treasury outside of the annual Business Plan process.

The notification threshold has been set to enable scrutiny of projects that may not meet the thresholds under this policy for by-default assurance or ERC approval but that may warrant referral to undertake an approval and/or assurance process.

Notification of projects is separate from approval. Approval of the capital plans in Statements of Intent and Business Plans does not constitute government approval of individual projects.

1.1 Notification Thresholds

Notification is required for all projects being considered for the upcoming four years that meet or exceed the following thresholds:

	High-Threshold SOC	Low-Threshold SOC	Non-SOC GB
Infrastructure	$50 million total cost	$10 million total cost	$10 million total cost
ICT	$10 million total cost	$10 million total cost	$10 million total cost
Recurrent	Greater than: $100 million over the first four years of the project or $50 million in any one year	Greater than: $100 million over the first four years of the project or $50 million in any one year	Greater than: $50 million over the first four years of the project or $25 million in any one year

1.2 Notification Requirements

In addition to their overall capital plan, all government businesses are required to provide details in their annual Business Plan of any projects being considered for the upcoming four years over the above thresholds. This information should be sufficient for Treasury to understand the purpose and costs of and any issues with the projects.

Treasury should also be provided with a copy of the business case for each project that meets these notification thresholds at the same time as details are presented in the annual Business Plan.

At a minimum, the description provided of these projects in the annual Business Plan should address the criteria set out in **Appendix B**.

2 Assurance

The NSW Government has developed a Gateway assurance process to improve delivery outcomes and better manage the risks associated with projects led by government entities. Gateway assurance provides independent peer review at key stages or 'gates' in the lifecycle of major projects, resulting in strengthened project justification, delivery and benefit realisation.

In most cases, the boards or management of government businesses will be responsible for the assurance of projects. Government businesses are to have in place a risk-based project assurance framework that will cover all projects that are not required to be subject to external assurance under this Policy.

This business-managed framework should deliver advice to the management and/or board of the business to ensure the right project is being delivered, cost-effectively and to time, budget and quality forecasts. This assurance is given through reviews of a project during its lifecycle by persons independent of the project team.

2.1 NSW Gateway Policy

The NSW Gateway Policy provides guidance on the core requirements of an assurance framework and assigns responsibilities for its implementation. Gateway is not an audit, approval or an endorsement process. It is a process to complement project delivery and prevent project failure.

Gateway is to be applied to Government investment decisions categorised as capital projects, ICT projects and major recurrent projects according to the risk profile of the project.

Three risk-based frameworks focus on these specific areas of investment:

- Infrastructure Investor Assurance Framework (IIAF) for capital infrastructure projects
- ICT Assurance Framework (IAF) for ICT projects, both capital and recurrent funded
- Recurrent Investor Assurance Framework (RIAF) for major recurrent programs.

Further details on the Gateway Coordination Agency Frameworks (GCAF) are set out in **Appendix D**.

Two critical features of these risk-based frameworks are project **Gates** and risk **Tiers**:

- **Gates** refer to particular decision points in the lifecycle of a project at which time a Gateway review may be undertaken.
- **Tiers** refer to the risk profile of a project according to one of four tiers, with Tier 1 being the highest risk profile and Tier 4 the lowest. The particular Tier a project is given is based on its total estimated cost (ETC) along with a weighted risk score derived from a selection of qualitative risk criteria. Details of these risk criteria are set out in each GCAF.

2.2 Assurance Thresholds

Government businesses are required to register a project with the relevant Gateway Coordination Agency (GCA) if it meets or exceeds the below thresholds:

	High-Threshold SOC	Low-Threshold SOC	Non-SOC GB
Infrastructure	$100 million total cost	$20 million total cost	$10 million total cost
ICT	$20 million total cost	$10 million total cost	$10 million total cost
Recurrent	No requirement for registration But note shareholder referral rights	No requirement for registration But note shareholder referral rights	Greater than: $100 million over the first four years of the project or $50 million in any one year

2.3 Assurance Requirements

Under the NSW Gateway policy, the requirements for assurance differ between SOCs and non-SOC government businesses:

State Owned Corporations

Following registration, a project will be assigned a risk Tier, as explained above. Recognising the independence of SOC boards and management, assurance processes will be applied as follows:

	Tier 1	Tier 2	Tier 3	Tier 4
Infrastructure	Assurance processes and Gateway Reviews will apply per the relevant GCAF, with the exception of the Gate 0 review.		There are no external assurance requirements other than project registration.	
ICT	Gate 0 review, 'project justification' is devolved to the SOC board.		SOC boards to continue their sole responsibility for assurance for these projects.	

A SOC does not require a direction from Treasury to register a project under a GCAF but should register the project in accordance with the requirements of this Policy.

For each project that a SOC registers under a GCAF, the SOC will be required to pay the direct costs of the GCA that undertakes the Gateway review of that project.

State Owned Corporations

Note that SOC recurrent projects are not automatically required to be subject to assurance under the RIAF. Instead, these projects will be assessed by NSW Treasury on the basis of information in a SOCs annual Business Plan (see Notification section 1) to determine whether they should be subject to the RIAF.

The decision trees at **Appendix E** are designed to assist government businesses with identifying their notification, approval and GCAF registration obligations under this Policy.

Non-SOC government businesses

Project assurance requirements for non-SOC GBs are established under the *NSW Gateway Policy* and associated assurance frameworks. Government businesses should refer to and comply with these policies and frameworks in full, including in relation to post-implementation project reviews.

This policy makes no changes to the requirements for projects over the thresholds set out above.

A copy of the information provided by both SOCs and Non-SOC government businesses to a GCA in the course of registering a project for assurance should also be provided to Treasury at the time of registration.

3 Approval

All projects that require funding from the Consolidated Fund must be approved by the Cabinet Expenditure Review Committee (ERC). Projects that do not require funding from the Consolidated Fund but meet the criteria in this section will also require ERC approval. This will give ERC an opportunity to review, at an early stage in their development, projects with a significant ETC and those that are considered to be high risk.

Responsibility for approving projects with an ETC below the following thresholds normally rests solely with the board or management of the government businesses. However, Shareholding Ministers may require that any project be subject to ERC approval pursuant to their referral rights under this Policy.

3.1 Approval Thresholds

Government businesses are required to obtain from ERC in-principle approval for projects that meet or exceed the following thresholds:

	High-Threshold SOC	Low-Threshold SOC	Non-SOC GB
Infrastructure	$100 million total cost	$100 million total cost and $20 million total cost and a Tier 1 or 2 risk profile	$100 million total cost and $20 million total cost and a Tier 1 or 2 risk profile
ICT	$100 million total cost	$100 million total cost and $20 million total cost and a Tier 1 or 2 risk profile	$100 million total cost and $20 million total cost and a Tier 1 or 2 risk profile
Recurrent	No requirement for approval. But note shareholder referral rights.	No requirement for approval. But note shareholder referral rights.	No requirement for approval. But note shareholder referral rights.

3.2 Approval Requirements

Government businesses must initiate early engagement with Treasury and allow adequate lead time for ERC project approval processes. Cabinet consideration requires at least a three-month period for planning and time for items to be scheduled on the Cabinet forward-agenda, submissions and briefings to be prepared, and consultation with stakeholder government agencies to be undertaken.

Government businesses must provide accurate information of sufficient depth and detail to enable ERC to fully consider a proposed major project's benefits, costs, budget and balance sheet impacts, and risk.

Appendix C outlines the process government businesses will need to follow and the documentation they will need to provide in order to obtain ERC approval.

ERC in-principle approval is required no later than at the Gate 1 'strategic assessment' stage. Approval will be coordinated by Treasury.

At the in-principle approval stage, ERC will determine whether the project should proceed and whether the SOC should seek further approval from ERC or the Shareholding Ministers at a later stage.

4 Reporting

Project reporting enables relevant ministers to keep track of the progress of major projects both in their planning and delivery phases.

4.1 Reporting Thresholds

Government businesses are expected to report the status of any major projects they are undertaking in their quarterly reports if those projects meet or exceed the following thresholds:

	High-Threshold SOC	Low-Threshold SOC	Non-SOC GB
Infrastructure	$100 million total cost and a Tier 1 or 2 risk profile	$20 million total cost and a Tier 1 or 2 risk profile	$10 million total cost and a Tier 1 or 2 risk profile
ICT	$20 million total cost and a Tier 1 or 2 risk profile	$10 million total cost and a Tier 1 or 2 risk profile	$10 million total cost and a Tier 1 or 2 risk profile
Recurrent	Only if project has been referred to undertake the major project approval and/or assurance process	Only if project has been referred to undertake the major project approval and/or assurance process	$100 million over the first four years of the proposal or $50 million in any one year

4.2 Reporting Requirements

The project reporting requirement applies to major projects both in the planning and delivery phases. The status report should include:

- a comparison of project cost estimates with actual expenditure to date and reasons to support any variances
- a planned schedule to track the delivery of milestones
- an updated risk profile identifying any new risks or changes to existing risk assessments.

Reporting on major projects should form part of a government business's quarterly reporting. A full list of information to be provided in project reports is outlined in **Appendix B**.

Where government businesses are also providing project reports on major projects to a GCA, there is no need to duplicate this information in the quarterly reports. Rather, status updates provided in the quarterly reports should attach and cross reference the reports provided to the GCA.

During the planning stages for a major project, where a business case has been prepared the government business should provide a copy of this to Treasury. This includes business cases prepared at the project justification and final business case stages.

5 Material Variations

Government businesses must notify Treasury and their relevant ministers as soon as they become aware of any issue that may cause a material variation to a major project that is proposed or underway. Notification should not wait until the business provides its quarterly performance reports to Treasury.

A **material variation** is any change to a project that has the potential to significantly affect the cost (greater than 10 per cent of ETC), scope, timing, quality or the risk profile of a project.

Material variations to projects previously approved by ERC will need to be approved again by ERC. In cases where the net financial impact of the material variation is less than $20 million approval may be provided by the Treasurer. The assurance, approvals and/or reporting requirements in this Policy apply to a project which becomes a major project due to a material variation.

A material variation in terms of scope, timing, quality or risk profile may form the basis for a project to be referred by the relevant minister to ERC for re-approval or for the project to go through additional assurance gates pursuant to the shareholder referral rights outlined below.

6 Shareholder Referral Rights

Shareholder referral rights are the rights of relevant ministers to require a project that does not meet the thresholds outlined in this policy to undertake the approval, assurance and/or reporting process set out in this Policy.

Relevant ministers can require any project to go to ERC for approval. The relevant ministers may also refer any project to INSW or DFSI for assurance under the IIAF or IAF, or to Treasury for assurance under the RIAF. Quarterly updates may be required by the relevant ministers for any project, consistent with the reporting requirements set out in section 4 of this Policy.

7 Public Private Partnerships

The NSW Public Private Partnership Guidelines require that any public infrastructure project with an **ETC in excess of $100 million**, including projects undertaken by SOCs, must be assessed for possible Public Private Partnership (PPP) procurement. This PPP procurement threshold applies to a single investment or cumulatively to a series of linked investments.

SOCs should consult the *NSW Public Private Partnership Guidelines* to establish the PPP assessment process they will need to follow for any projects they plan to deliver with an ETC over $100 million.

Appendix A: Relationship with other policies

The Policy is designed to be read in conjunction with the suite of policies and guidelines that make up the Commercial Policy Framework and those that set out the project assurance approach for the State of New South Wales, including:

- Department of Finance Services and Innovation Information and Communications Technology (ICT) Assurance Framework
- Infrastructure NSW Infrastructure Investor Assurance Framework
- NSW Gateway Policy (TPP17-01)
- NSW Public Private Partnerships Guidelines 2017 (TPP17-07)
- NSW Treasury Guidelines for Capital Business Cases (TPP08-5)
- Recurrent Investor Assurance Framework (TPP17-02)
- Performance reporting and monitoring policy for government businesses (TPP18-02)
- Unsolicited Proposals: Guide for Submission and Assessment

Appendix B: Criteria for notification and reporting

Where notification or reporting occurs with respect to the requirements of this policy, including in the Statement of Intent and Business Plan, the following information should be included:

Major project details checklist	
❑	Name of project
❑	Purpose
❑	Expected cost – split by year
❑	Funding – sources and amounts
❑	Timing – commencement and completion
❑	Whether the project has been registered with Gateway (yes/no/not applicable)
❑	If yes, date of registration and the classification prescribed. If no, expected date of registration.
❑	Approval processes followed and planned
❑	Key risk and issues

Appendix C: ERC approval process and documentation

In-principle ERC approval is required for major projects that meet or exceed the thresholds set out in section 3. Treasury is responsible for coordinating ERC approvals.

ERC submissions need to be prepared three months before approval is required. To allow Treasury to prepare the submission, businesses must provide the following documents:

ERC submission checklist	
❑	For SOCs, certification of in-principle Board approval; or for non-SOC government businesses certification of in-principle approval from the relevant portfolio Minister
❑	Gate 1 Expert Reviewer Panel report
❑	Project description
❑	Financial viability assessment
❑	Risk strategies
❑	Timetable and project development budget
❑	Specification of any unresolved issues

ERC will be requested to approve the major project and, if approved, whether the major project should return to ERC or the Shareholding Ministers for approval at a later stage.

If ERC provides in-principle approval and no further approvals are required, the project may progress, with other approvals provided internally by the government business. Government businesses should ensure that the project complies with any other relevant requirements in this Policy.

If ERC provides in-principle approval and requires the project to return to ERC or the Shareholding Ministers for approval at a later stage, the government business will need to liaise with Treasury on the requirements for further approval. For example, ERC may require the major project to return to ERC for final approval at the Gate 2 ‘business case’ stage, in which case documentation including a full business case and Gate 2 Expert Reviewer Panel report would be required.

Appendix D: Gateway Coordination Agency Frameworks

Infrastructure Investor Assurance Framework (IIAF)

The IIAF is an independent risk-based assurance process for the State's capital projects and forms part of the *NSW Gateway Policy*.

The IIAF is administered by Infrastructure NSW (INSW) and applies to capital projects being developed and/or delivered by general government agencies and government businesses.

A capital project includes:

- infrastructure
- equipment
- property development
- operational technology that forms a component of a capital project
- other projects or programs as directed by Cabinet.

The IIAF applies a four-tiered risk-based approach to project assurance for capital projects. Projects are assigned a tier classification based predominately on risk, with Tier 1 projects considered to be High Profile/High Risk (HPHR) and Tier 4 projects the lowest risk.

ICT Assurance Framework (IAF)

The IAF is an independent risk-based assurance process for the State's capital and recurrent information and communications technology (ICT) projects. The IAF is administered by DFSI and applies to all ICT projects being developed and/or delivered by general government agencies and government businesses.

ICT projects include:

- ICT
- Standalone operational technology as agreed with INSW
- other projects or programs as directed by Cabinet, ERC, the Premier or the Minister for Finance, Services and Innovation.

The IAF applies a four-tiered risk-based approach to project assurance for ICT projects. Projects are assigned a tier classification based predominately on risk with Tier 1 projects considered to be HPHR and Tier 4 projects the lowest risk.

Recurrent Investor Assurance Framework (RIAF)

The RIAF is an independent risk-based assurance process for the State's major recurrent projects. The RIAF is administered by Treasury and applies to all major recurrent projects being developed and/or delivered by general government agencies and government businesses.

RIAF projects meet one or more of the following criteria:

- new policy proposal submitted as part of the annual budget process
- proposals for new spend fast tracked to ERC
- emerging issues of a recurrent nature entered into Prime, Treasury's budget reporting program
- projects nominated by ERC
- projects nominated by a relevant minister
- projects nominated by NSW Treasury.

The RIAF applies a four-tiered risk-based approach to project assurance for recurrent investment projects. Projects are assigned a tier classification based predominately on risk with Tier 1 projects considered to be HPHR and Tier 4 projects the lowest risk.

Appendix E: Government business notification, approval and GCAF registration decision trees

Figure E1: Infrastructure projects for High-Threshold SOC

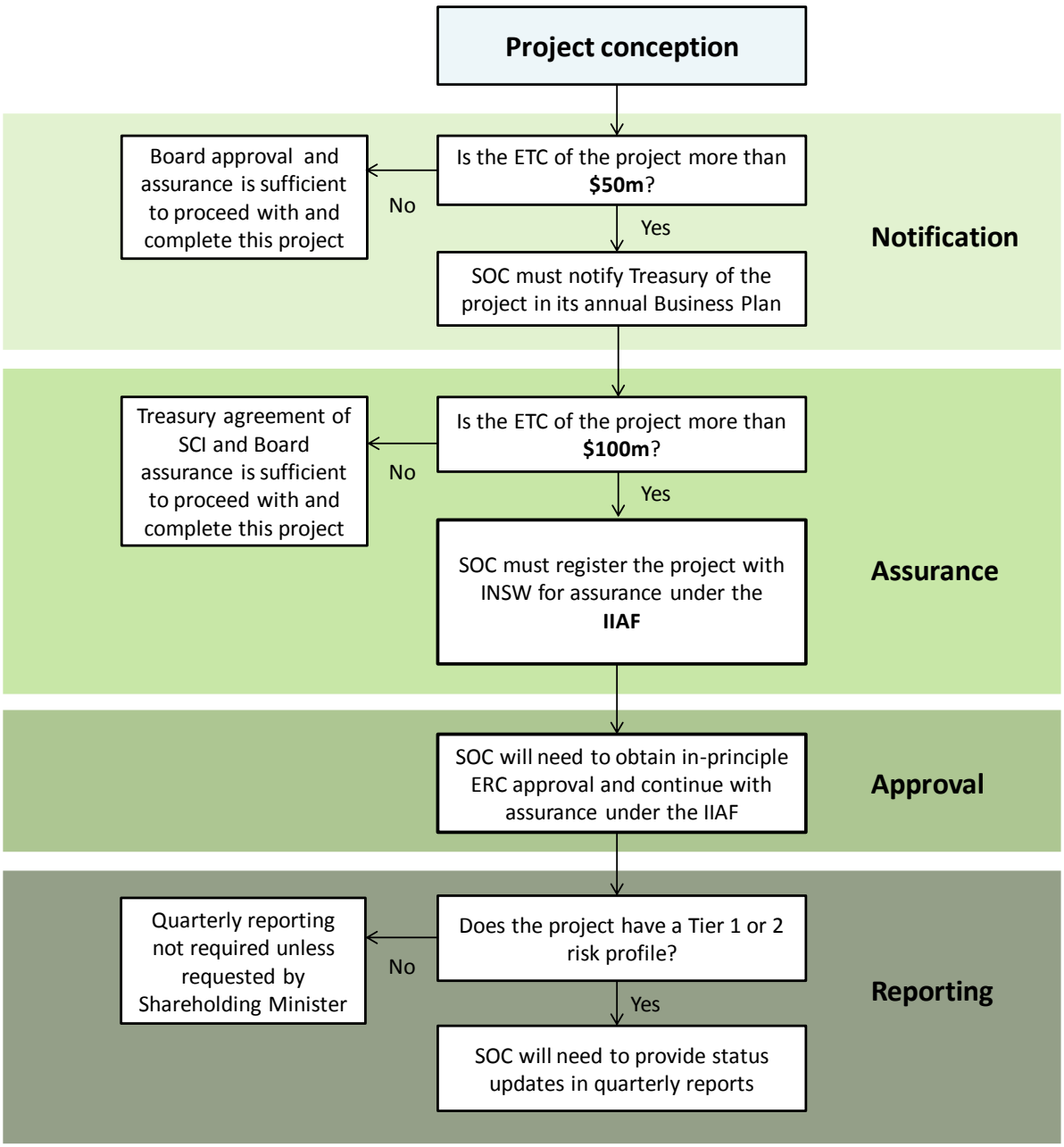


Figure E2: ICT projects for High-Threshold SOC

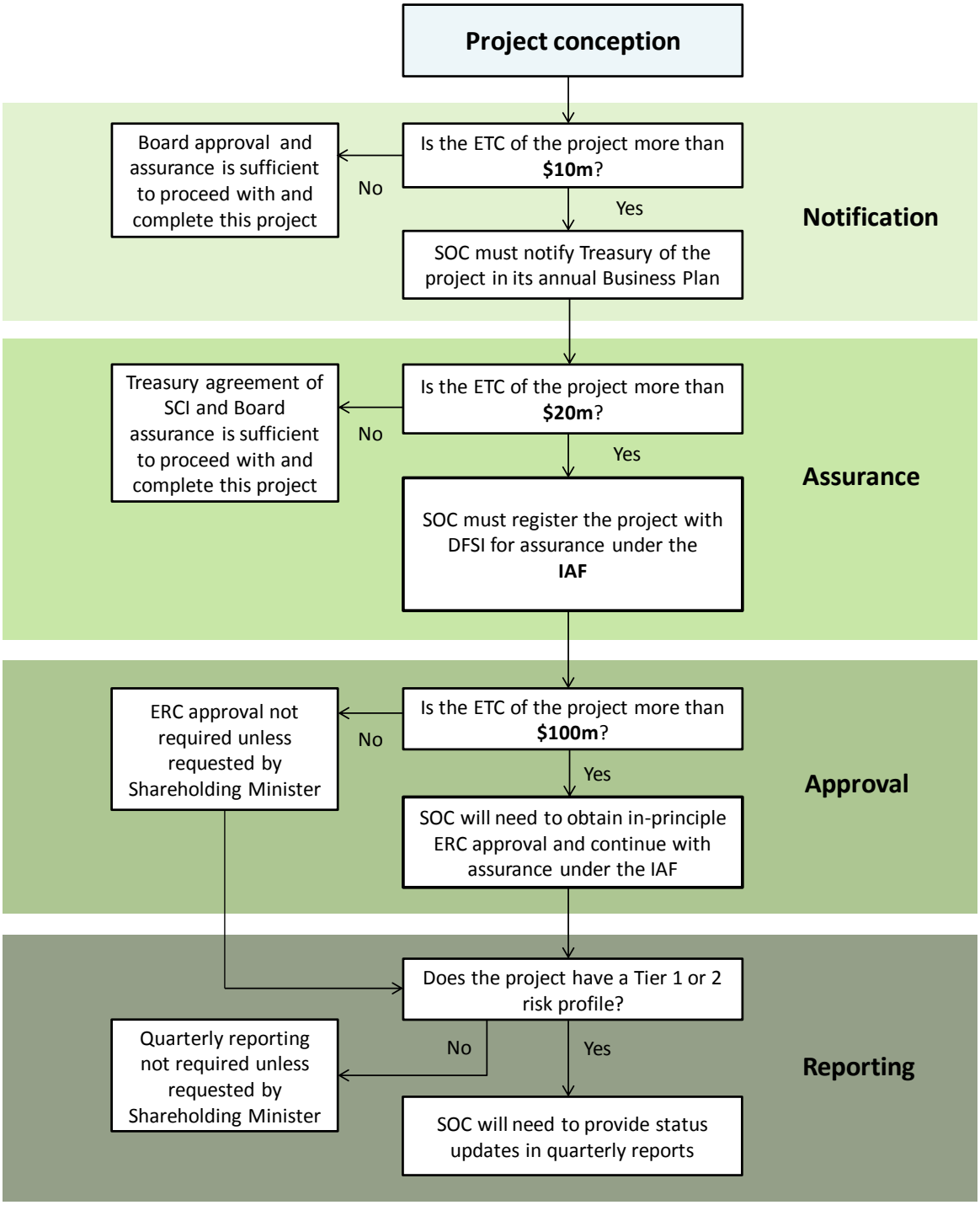


Figure E3: Infrastructure projects for Low-Threshold SOC

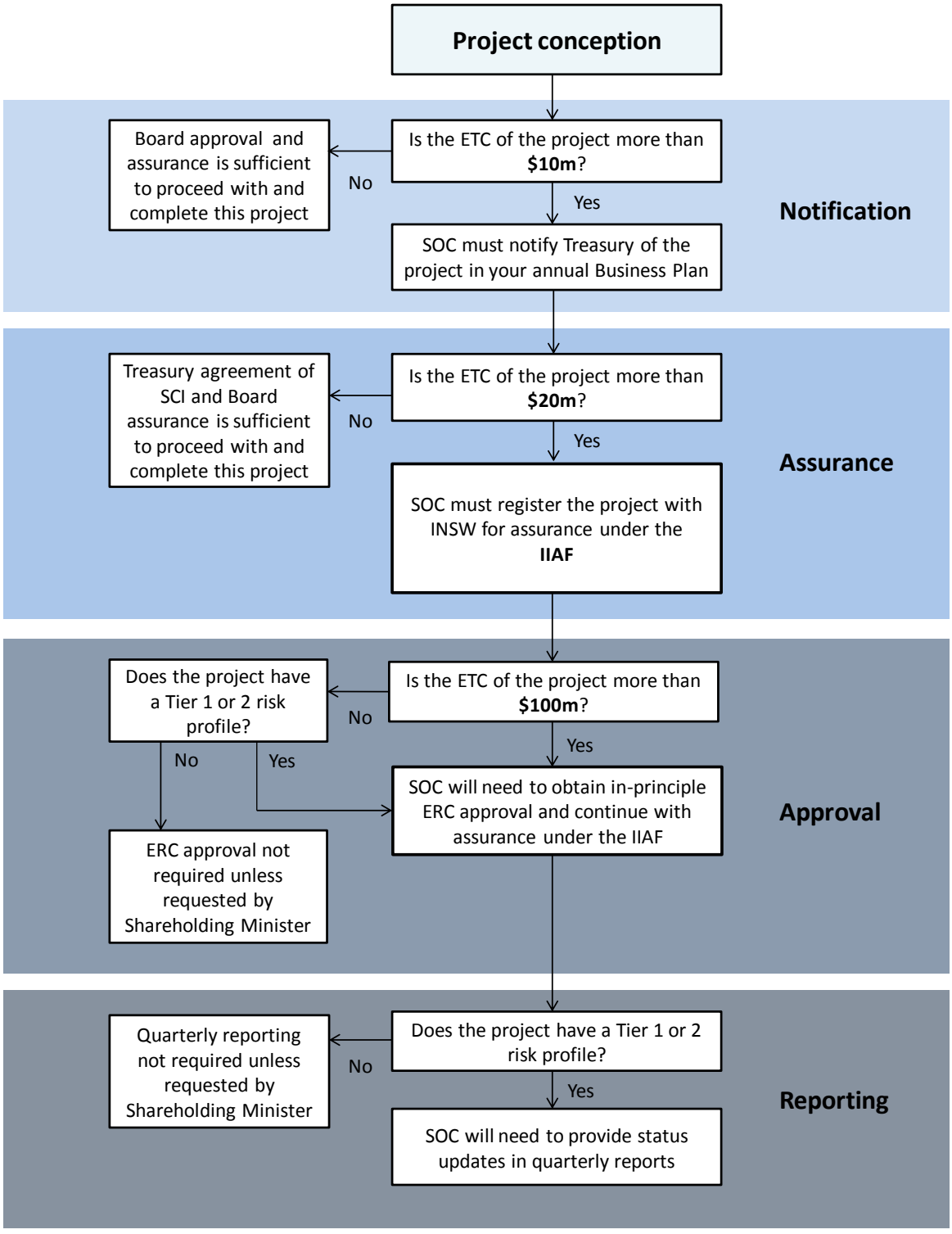


Figure E4: ICT projects for Low-Threshold SOC

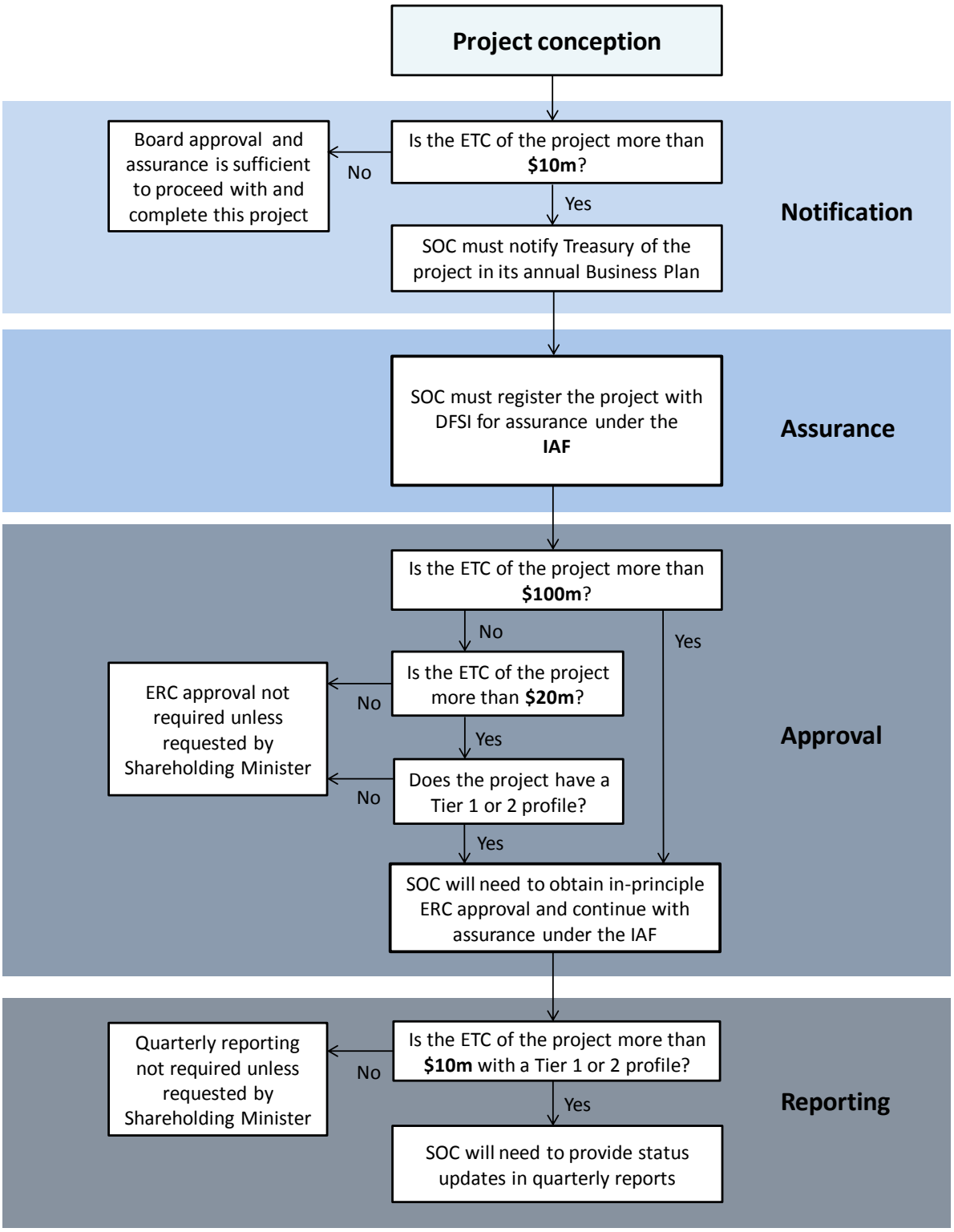
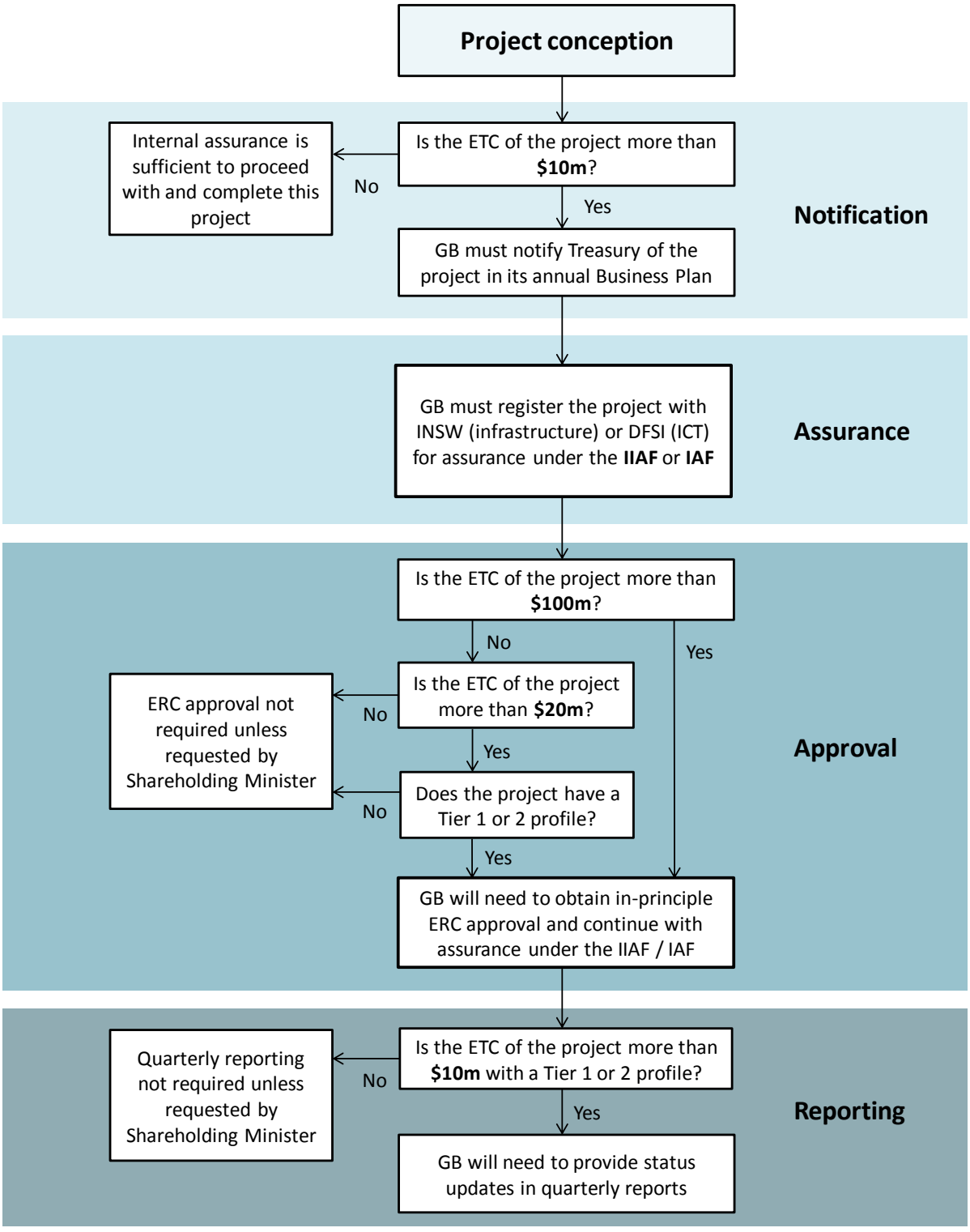


Figure E5: Infrastructure and ICT projects for non-SOC Government Businesses



Note: the above decision tree does not apply to Budget funded projects.

Table A: Summary of thresholds for High-Threshold SOCs

<table>
<tr><th colspan="10">High-Threshold SOC – summary of thresholds</th></tr>
<tr><th>Project ETC</th><th colspan="3">Notification</th><th colspan="2">Assurance</th><th>Approval</th><th colspan="3">Reporting</th></tr>
<tr><td>Type of project</td><td>Infrastructure</td><td>ICT</td><td>Recurrent investment</td><td>Infrastructure</td><td>ICT</td><td>Infrastructure and ICT</td><td>Infrastructure</td><td>ICT</td><td>Recurrent Investment</td></tr>
<tr><td>Refer</td><td colspan="3">Section 1</td><td colspan="2">Section 2</td><td>Section 3</td><td colspan="3">Section 4</td></tr>
<tr><td>≤ $10m</td><td rowspan="2">As part of overall capital plan in Business Plan</td><td>As part of overall capital plan in Business Plan</td><td rowspan="3">As part of overall capital plan in Business Plan</td><td rowspan="3">Internal assurance process</td><td rowspan="2">Internal assurance process</td><td rowspan="4">Internal approval process</td><td rowspan="3">Reported as part of overall capital plan in quarterly reports</td><td rowspan="2">Reported as part of overall capital plan in quarterly reports</td><td rowspan="3">Reported as part of overall capital plan in quarterly reports</td></tr>
<tr><td>$10m - $20m</td><td rowspan="3">Business Case plus specific, separate disclosure in Business Plan</td></tr>
<tr><td>$20m - $50m</td><td rowspan="3">Registration required, and if rated as Tier 1 or Tier 2, then full IIAF applies</td><td rowspan="3">If rated as Tier 1 or Tier 2, then quarterly reporting on individual projects required</td></tr>
<tr><td>$50m - $100m</td><td rowspan="2">Business Case plus specific, separate disclosure in Business Plan</td></tr>
<tr><td>≥ $100m</td><td>Business Case plus specific, separate disclosure in Business Plan*</td><td>Registration required, and if rated as Tier 1 or Tier 2, then full IIAF applies</td><td>ERC approval required</td><td>If rated as Tier 1 or Tier 2, then quarterly reporting on individual projects required</td><td>Quarterly reporting on individual projects required**</td></tr>
</table>

* Only required where there is a recurrent investment of greater than $100 million over the first four years of the proposal or $50 million in any one year.
** Only required where the project has been nominated for ERC approval and/or subject to assurance under the RIAF.

Table B: Summary of thresholds for Low-Threshold SOCs

<table>
<tr><th colspan="10">Low-Threshold SOC – summary of thresholds</th></tr>
<tr><th>Project ETC</th><th colspan="3">Notification</th><th colspan="2">Assurance</th><th>Approval</th><th colspan="3">Reporting</th></tr>
<tr><td>Type of project</td><td>Infrastructure</td><td>ICT</td><td>Recurrent investment</td><td>Infrastructure</td><td>ICT</td><td>Infrastructure and ICT</td><td>Infrastructure</td><td>ICT</td><td>Recurrent Investment</td></tr>
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<tr><td>$10m - $20m</td><td rowspan="4">Business Case plus specific, separate disclosure in Business Plan</td><td rowspan="4">Business Case plus specific, separate disclosure in Business Plan</td><td rowspan="4">Registration required, and if rated as Tier 1 or Tier 2, then full IIAF applies</td><td rowspan="3">If rated as Tier 1 or Tier 2, then quarterly reporting on individual projects required</td></tr>
<tr><td>$20m - $50m</td><td rowspan="2">Registration required, and if rated as Tier 1 or Tier 2, then full IIAF applies</td><td rowspan="2">If rated as Tier 1 or Tier 2, then ERC approval required</td></tr>
<tr><td>$50m - $100m</td></tr>
<tr><td>≥ $100m</td><td>Business Case plus specific, separate disclosure in Business Plan *</td><td>Mandatory</td><td>Quarterly reporting on individual projects required**</td></tr>
</table>

* Only required where there is a recurrent investment of greater than $100 million over the first four years of the proposal or $50 million in any one year.
** Only required where the project has been nominated for ERC approval and/or subject to assurance under the RIAF.

Table C: Summary of thresholds for non-SOC Government Businesses

<table>
<tr><th colspan="11">Non-SOC Government Business – summary of thresholds</th></tr>
<tr><th>Project ETC</th><th colspan="3">Notification</th><th colspan="3">Assurance</th><th>Approval</th><th colspan="3">Reporting</th></tr>
<tr><td>Type of project</td><td>Infrastructure</td><td>ICT</td><td>Recurrent investment</td><td>Infrastructure</td><td>ICT</td><td>Recurrent Investment</td><td>Infrastructure and ICT</td><td>Infrastructure</td><td>ICT</td><td>Recurrent Investment</td></tr>
<tr><td>Refer</td><td colspan="3">Section 1</td><td colspan="3">Section 2</td><td>Section 3</td><td colspan="3">Section 4</td></tr>
<tr><td>≤ $10m</td><td>As part of overall capital plan in Business Plan</td><td>As part of overall capital plan in Business Plan</td><td rowspan="2">As part of overall capital plan in Business Plan</td><td>Internal assurance process</td><td>Internal assurance process</td><td rowspan="3">Internal assurance process</td><td rowspan="2">Internal approval process</td><td>Reported as part of overall capital plan in quarterly reports</td><td>Reported as part of overall capital plan in quarterly reports</td><td rowspan="3">Reported as part of overall capital plan in quarterly reports</td></tr>
<tr><td>$10m - $20m</td><td rowspan="3">Business Case plus specific, separate disclosure in Business Plan</td><td rowspan="3">Business Case plus specific, separate disclosure in Business Plan</td><td rowspan="3">IIAF applies</td><td rowspan="3">IAF applies</td><td rowspan="3">Quarterly reporting on individual projects required</td><td rowspan="3">Quarterly reporting on individual projects required</td></tr>
<tr><td>$20m - $50m</td><td rowspan="2">If rated as Tier 1 or Tier 2, then ERC approval required</td></tr>
<tr><td>$50m - $100m</td><td rowspan="2">Business Case plus specific, separate disclosure in Business Plan*</td></tr>
<tr><td>≥ $100m</td><td>RIAF applies**</td><td>Mandatory</td><td>Quarterly reporting on individual projects required**</td></tr>
</table>

* Only required where there is a recurrent investment of greater than $50 million over the first four years of the proposal or $25 million in any one year.
** Only required where there is a recurrent investment of greater than $100 million over the first four years of the proposal or $50 million in any one year.

Glossary and Acronyms

Term	Meaning
Business Plan	An overarching document submitted annually to NSW Treasury that details the strategy and operations of the business in the short-term, medium-term and long-term. It details the business's goals and how those goals will be achieved.
Capital project	A project primarily comprised of one or more of the following elements: ▪ Infrastructure ▪ Equipment ▪ Property developments ▪ Operational technology that forms a component of a capital project.
DFSI	Department of Finance, Services and Innovation
ERC	Expenditure Review Committee of Cabinet
ETC	Estimated Total Cost
Estimated Total Cost	Total capital spend and recurrent spend of the project/program over the period of time defined in the project/program business case.
Expert Reviewer Panel	Panel comprising highly qualified and independent expert reviewers established to cover all aspects of Gateway Review needs.
Gateway	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 provides independent assurance to both the investor and delivery agency regarding the project or program's preparedness for success.
Gateway Coordination Agency	The agency responsible for the design and administration of an approved, risk-based model for the assessment of projects or programs, the coordination of Gateway reviews and the reporting or performance of the Gateway Review Process.
GB	Government business/es
GCA	Gateway Coordination Agency
GCAF	Gateway Coordination Agency Framework
Gateway Review	A Review of a project/program by a review team at a specific key decision point (Gate) in the project/program's lifecycle. 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.
High-Threshold SOC	High-Threshold State Owned Corporation. Includes SOCs operating in the price-regulated utilities markets and Landcom.
HPHR	High Profile/High Risk
IAF	ICT Assurance Framework

Term	Meaning
ICT	This is the common term for the entire spectrum of technologies for information processing, including software, hardware, communications technologies and related services. In general, IT does not include embedded technologies that do not generate data for enterprise use.[1] This may include stand-alone Operational Technology projects and programs as agreed with INSW.
ICT Assurance Framework	Gateway Coordination Agency Framework for ICT projects under the *NSW Gateway Policy*.
ICT Project	A project primarily comprised of one or more of the following elements: ▪ ICT ▪ operational Technology ▪ other projects or programs as directed by Cabinet.[2]
IAF	ICT Assurance Framework
IIAF	Infrastructure Investor Assurance Framework
Infrastructure	The basic services, facilities and installations to support society. This includes infrastructure supporting water, wastewater, transport, sport and culture, power, policy, justice, health, education, and family and community services.
Infrastructure Investor Assurance Framework	Gateway Coordination Agency Framework for capital infrastructure projects under the *NSW Gateway Policy*.
INSW	Infrastructure NSW
Low-Threshold SOC	Low-Threshold State Owned Corporation. Includes the Forestry Corporation of NSW and the Port Authority of NSW.
Major project	A project that meets or exceeds a certain threshold in terms of its Estimated Total Cost (ETC) as outlined in this policy.
Major Recurrent Project	A non-ICT project, identified as requiring a recurrent proposal, which meets the threshold contained in the *Recurrent Investor Assurance Framework* [TPP17-02].
Material variation	Any variation to a project that has the potential to significantly affect the cost (greater than 10 per cent of ETC, scope, timing, quality of the risk profile of a project).
Non-regulated SOC	Non-regulated SOCs are those SOCs operating outside of the regulated utilities market.
Non-SOC government business	Non-SOC government businesses are all government businesses, including government businesses in the PFC and General Government sectors, that are not SOCs.
Non-SOC GB	Non-SOC government business
PAFA Act	*Public Authorities (Financial Arrangement) Act 1987* (NSW)
PFC	Public Financial Corporations
PNFC	Public Non-Financial Corporations

[1] Gartner IT Glossary – definition for IT (information technology)
[2] Or as directed by ERC, the Premier or Minister for Finance, Services and Property.

Term	Meaning
PPP	Public Private Partnership
Recurrent Investor Assurance Framework	Gateway Coordination Agency Framework for major recurrent projects under the *NSW Gateway Policy.*
Relevant minister	Are the Shareholding Ministers in the case of SOCs or the Treasurer in the case of a non-SOC government business.
Recurrent project	A project that requires funding on an annual basis, usually to meet operational costs rather than for capital expenditure.
Regulated SOC	Regulated SOCs are those SOCs operating in the regulated utilities market.
RIAF	Recurrent Investor Assurance Framework
SBI	Statement of Business Intent
SCI	Statement of Corporate Intent
SOC	State Owned Corporation