[insert agency logo]

Template: [insert agency name]
Problem Definition

xx month 2018

Problem Definition Template

This document provides a template for completing a **Stage 0 Problem Definition** document**.** Agencies should modify as needed and ensure that appropriate branding is applied.

This template may be used for a range of purposes. If the template is used for Cabinet and/or Cabinet Standing Committee on Expenditure Review (ERC) submissions, the template should be adapted to reflect the appropriate sensitivity of information (e.g. including “Sensitive: NSW Cabinet” in the header).

The development of a business case is organised along three stages including Problem Definition, Strategic and Detailed Business case as well as five dimensions (types of analyses) designed to systematically ascertain that the investment proposal:

1. *is supported by a compelling case for change – the ‘Case for Change’*
2. *optimises value for money – the ‘Cost Benefit Analysis’*
3. *is financially affordable – the ‘Financial Analysis’*
4. *is commercially viable – the ‘Commercial Analysis,’ and*
5. *is achievable – the ‘Management Analysis’.*

The **Problem Definition** document outlines the need or the case for change, identifies the reason for government intervention and supports a decision to proceed to further stages of the business case process. In some instances, this stage may be used to support requests for planning funding (seed funding).

The Problem Definition document is the primary document for a **Gate 0 review (under TPP17-01 NSW Gateway Policy).**

This template is provided as guidance only, and is not mandatory. The nature of the information and the level of detail should be determined on a case-by-case basis, in consultation with NSW Treasury, and may be more or less than is presented in this template.

For further information on the development of a Problem Definition document, agencies should refer to TPP18-06 Business Case Guidelines.

Agencies should be mindful of any Budget or Gateway Assurance requirements when developing a Problem Definition document.

Problem Definition

In the Business case for your agency, you should include the following headings and provide appropriate information in each section. The text provided below the headings is for guidance only, however the blue text may be retained for presentation purposes.

## Project Background

**Project Name** [ ]

**Project Date and Version** [ ]

**Project Location** [ ]

**Lead Agency** [ ]

**Other Organisations** [ ]

## Executive Summary

Highlight the overall story and key points of the business case including the proposed outcomes and potential options to achieve these. The executive summary ideally should be no longer than 1 page.

## The Case for Change

Define the business need/challenge or opportunity (why change is needed). Refer to section 4.2 of TPP 18-06 for more information.

1. Define the business need/ challenge or opportunity

**[Step 1: Define the business need / challenge or opportunity – Reason for government intervention]**

Describe the problem and reason for government action

[Explain in plain English the problem(s) that the investment is intended to solve. Present the cause of each problem, who is affected, and how they are affected. Describe the current service and the significance of the problem in this context.]

Understand the magnitude of the problem

[Identify existing evidence on the key triggers of the problem and timing considerations (why it should be dealt with by the Government now rather than later).]

Identify consequences of business as usual scenario

[Provide considerations about consequences should the government not intervene/ not intervene in a timely manner.]

1. Defining the objective of the planned intervention

**[Step 2: Define the objective of planned intervention]**

[Define and document the business case objectives which should:

* clearly reflect the reason for change
* be outcome focused rather than focused on the potential solution, ensuring that where possible, outcomes are presented through a customer’s perspective
* be well defined to ensure the identification of relevant options.

The objectives should be SMART (Specific, Measureable, Achievable, Relevant and Time bound).]

1. Define strategic context/ intention and explain how this business case will contribute to the relevant government priorities and outcomes (qualitatively and quantitatively)

**[Step 3: Define strategic context/ intention and explain how this business case will contribute to relevant government priorities and outcomes (qualitatively and quantitatively)]**

Demonstrate the strategic alignment of the proposal

[Identify how the proposed change supports agreed government priorities and overarching strategies including State Outcomes. For example, disability access in transport planning]

**Example**

| **#** | **Business case objective** | **Relevant State Outcome/s** | **Relevant State Outcome indicator/s**  | **Other Government priorities, regulations or policies**  |
| --- | --- | --- | --- | --- |
| 1 |  |  |  |  |
| 2 |  |  |  |  |
|  |  |  |  |  |

If there is no relevant State Outcome indicator within the Outcome Budgeting framework, an appropriate indicator should be developed at the program level in Step 4.

1. Understand benefits from the intervention (change) and how these link to Programs and contribute to Program KPIs

**[Step 4: Understand benefits and risks from the intervention (change) and how these link to Programs and contribute to Program KPIs]**

Identify the benefits expected if the issue/ problem identified is addressed

[Explain the key benefits (qualitative and quantitative) of addressing the need identified in Step 1 and meeting the business case objectives identified in Step 2.

Include:

* How do the benefits link to Programs and Program KPIs? (Example 1 below)
* Why these benefits are important to government and to other stakeholders?
* Are the benefits supported by existing evidence obtained from post evaluation of similar interventions and/or existing literature?
* What types of project KPIs are expected to measure the impact of interventions on these benefits?
* What are key dependencies that might influence the benefit delivery of the interventions proposed?]

**Example: Linking Benefits to Programs and Program KPIs**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **#** | **Business case objective** | **Business Case Benefit** | **Relevant Program** | **Relevant Program KPI** |
| 1 |  |  |  |  |
| 2 |  |  |  |  |

Identify risks that may impact the delivery of the identified benefits and how these may be mitigated.

1. Identifying relevant stakeholders

**[Step 5: Identify relevant stakeholders]**

Identify key stakeholders at the start of the proposal planning process and the likely impact of the change on each group.

Identify how stakeholders should be involved while developing the proposal and further (engagement plan)

High-level stakeholder consultation plan

Incorporate initial evidence of key stakeholder support in the business case

Identify potential stakeholder risks

1. Investigating potential strategic responses and interventions to the problem

**[Step 6: Investigate potential strategic responses and interventions to address the problem]**

Identify a strategic response

[Outline a range of alternative (including non-capital) approaches to achieve the business case objectives and benefits identified in Steps 2 and 4]

Provide evidence to support the costs and benefit of the potential strategic responses

1. Provide high level cost estimates for the intervention (strategic responses) identified

**[Step 7: Provide high level cost estimates for the intervention (strategic responses) identified]**

High level costing

[Provide high-level costing for the strategic responses identified in Activity 6, if available. Include at a high level the basis of the estimates, the accuracy and any key cost assumptions.]

Preliminary Financial Impact Statement

[Preliminary Financial Impact Statement to estimate the impact of the strategic responses on key financial measures for the entity’s budget and the Whole of Government (WoG) budget.]