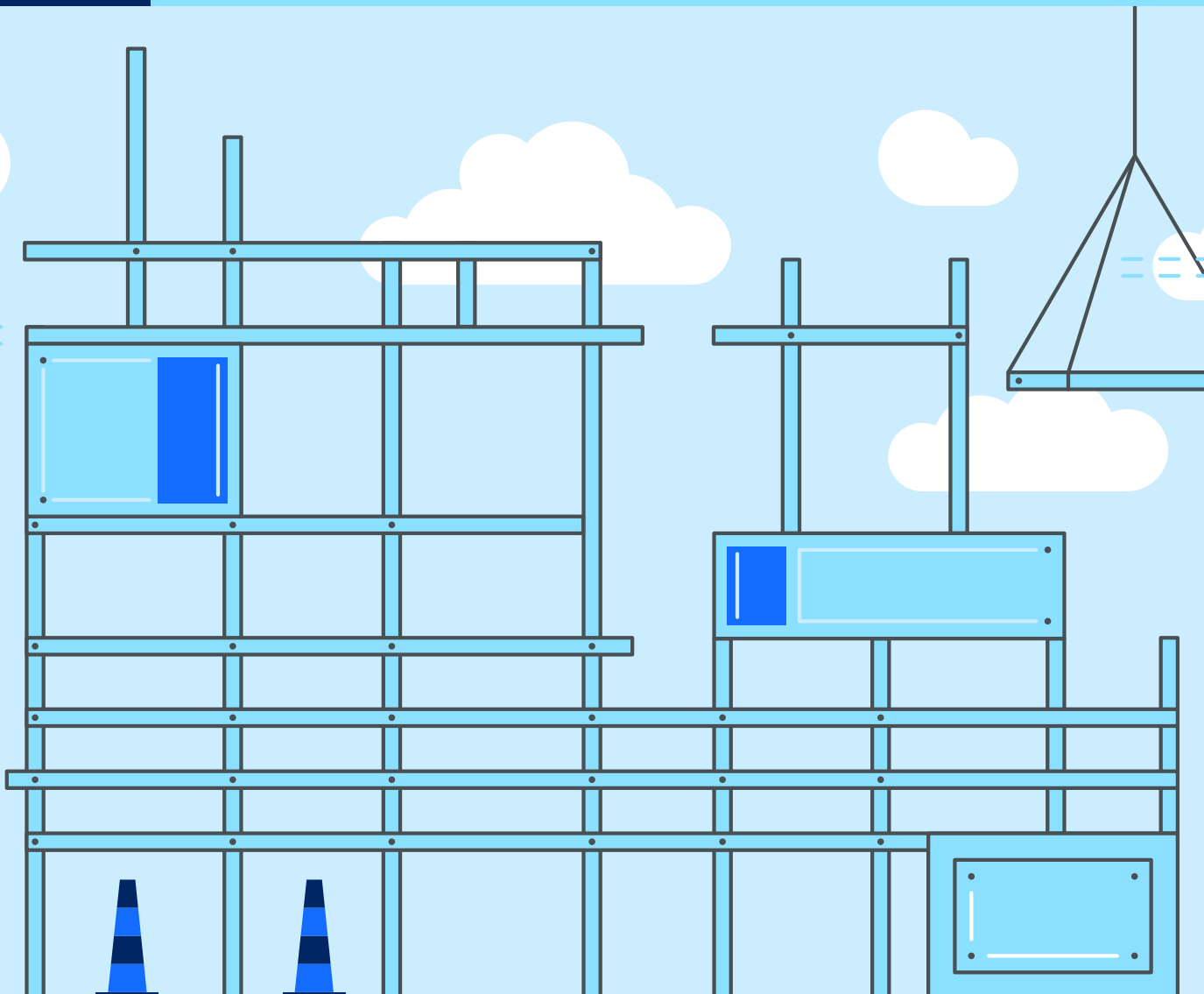


Gate 2 Business case

How well has the project proven the preferred option best meets the service need and maximises benefits at optimal cost?

GATE 2

Gateway Workbook



Acknowledgement of Country



Infrastructure NSW acknowledges the Traditional Custodians of the lands where we walk, work and live. We pay respect to their Elders past and present.

We acknowledge and respect their continuing connection to the land, seas and waterways of NSW, and the continuation of their cultural, spiritual and educational practices.

In preparing the workbook, we acknowledge the importance of Aboriginal and Torres Strait Islander peoples' unique history of land and water management, and of art, culture and society, that began more than 65,000 years ago.

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1 How to use this workbook

Gateway review workbooks support a consistent, structured approach to reviews. The workbooks assist Agencies and the review team to prepare for reviews by outlining the key focus areas, suggested questions and mandatory documents the Agency should provide prior to the review.

It is recommended to read the [Guide to Infrastructure Investor Assurance Reviews](#) prior to this workbook and, if needed, to refer to the [Infrastructure Investment Assurance Framework \(IIAF\)](#) for further detail on the framework.

2 Gate 2 approach

The Gate 2 review assesses how the Agency’s proposed scope and investment represents a well-justified, deliverable response to the established service need. Gate 2 serves as a critical checkpoint to confirm that the infrastructure project or program is strategically sound and commercially viable before entering market engagement.

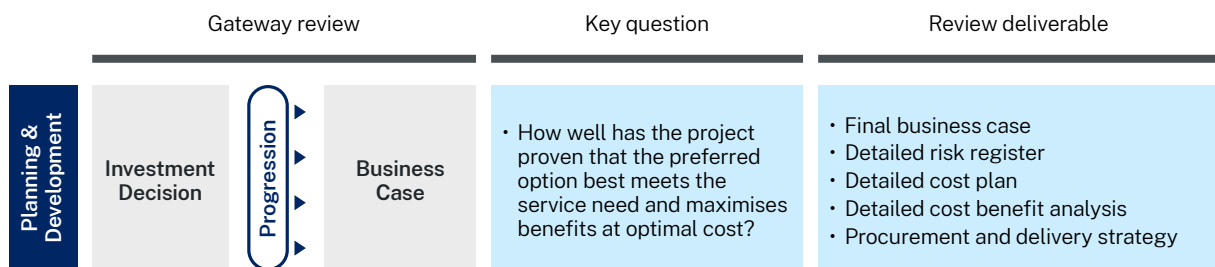
The Gate 2 review assesses how well the project has proven the preferred option best meets the service need and maximises benefits at optimal cost.

The review evaluates whether the business case¹ maximises benefits at optimal cost over the whole of the project life, addresses key risks, and reflects a refined understanding of the service need. It also considers the delivery strategy and how the project will be developed with consideration to existing and planned interdependencies and interfaces.

The Gate 2 review is conducted prior to the investment decision.

The Workbook should be used to guide the **assessment of the business case** and check that the project scope and investment is appropriate and deliverable. The outcome of this review will inform the investment decision by government and the progression of the project to procurement and delivery by the Agency.

3 Gate 2 – informing the investment decision



The Gate 2 review investigates the Agency’s readiness to submit the full business case for an investment decision (funding approval) and then move to the procurement stage.

¹ Note, a full business case is usually required. For the type of business case required, refer to *TPG24-29 NSW Government Business Case Guidelines* and *TPG24-30 Fast Track business case and investment assurance for government commitments*

Gate 2 falls within the investment decision phase of an infrastructure project's planning and development stage. The business case should meet the NSW Government Business Case Guidelines.

Gate 2 reviews require documentation to demonstrate that the business case is robust and supports the preferred option as the optimal solution to deliver the intended benefits.

The business case must include a delivery strategy that clearly maps out the project's preferred procurement packaging and contracting methodology.

A cost-benefit analysis (CBA) with a calculated benefit-cost-ratio (BCR) and net present value (NPV), compliant with current guidance, is required.

The Gate 2 review report should confirm that the proposed scope will meet the identified service need and is the best value option to emerge from the range explored.

Technical investigations can be costly and time consuming. A guiding principle when deciding how much technical investigations are needed, and at what stage of project development, is whether the information is critical to support an investment decision. Investigations should occur as late as possible in the process to avoid costs if the proposal does not proceed. Detailed design, technical specifications or planning consent materials, beyond those required to develop a reasonable estimate of costs, are not required.

Options, scope or design for wider works, such as future corridor or network expansions, should not be included. Analysis of future network impacts should be limited to what's needed to identify a need for future options or expansions.

The Gate 2 review will confirm that the business case has:

- clearly defined the scope to respond to an evidence-based service need
- a cost plan, schedule and risk register
- a robust procurement approach
- a delivery strategy
- clearly articulated the benefits to be delivered
- confirmed resources to manage:
 - governance
 - procurement activity
 - stakeholder engagement.

The business case should have agency's internal approval prior to initiating the Gate 2 Gateway review.

Guidance for business cases

NSW Government Business Case Guidelines (TPG24-29) and templates for completing business cases can be found on the NSW Treasury website.

Guidance for cost-benefit analysis

The most current NSW Treasury Guide to Cost-Benefit Analysis, including how to calculate a BCR, should be followed. Contact NSW Treasury for more information.



4 Gate 2 Gateway review documents

The Agency is responsible for initiating a Gateway review at the appropriate time. Agencies should seek authorisation from the Agency’s governance structure and the Gateway review should be led by the Agency’s senior responsible officer (SRO).

Review teams require evidence that work has been completed, however documentation should not be created solely for a Gateway review. It is intended that Agencies **use existing project documentation**.



4.1 Mandatory documents

- Project presentation providing an executive overview of the project.
- Full business case.
- Cost-benefit analysis with BCR and NPV (may be incorporated into the business case).
- High level monitoring and evaluation plan under either a benefits management framework or monitoring and evaluation framework (may be incorporated into the full business case).
- Detailed risk register or matrix.
- Detailed cost plan.

4.2 Required information

At Gate 2, documents should exist that include information relating to the development of the business case. The table below highlights the information required to assess the project against the key focus areas.

Prior to the review starting, the Agency must complete a document mapping template and document register for the review team. Typically, no more than 30 documents that are most relevant to the project, should be loaded into the data room.

4.3 Required information documented to support Gate 2

Full business case consistent with NSW Treasury guidance and including a cost-benefit analysis with BCR and NPV.

Comprehensive assessment and analysis of all reasonable and/or feasible alternative options of meeting the service need.

Documentation confirming the project budget and funding sources for ongoing project development and delivery.

Documentation confirming how the project will achieve all social and environmental sustainability requirements, legislative considerations and planning approvals.

Evidence of project design development demonstrating consideration of community outcomes, integration within the built environment (place-making), and potential for future adaptations.

Evidence of a well-developed and robust project schedule with all milestones identified.

Preferred procurement, packaging and contracting approach with demonstrated input from market engagement and previous project experience.

Documentation of project benefits and impacts including evaluation of social, economic and environmental impacts and recurrent and whole-of-life costs.

Structure of the current and proposed project team including roles and responsibilities and a description of the outline sourcing strategy to meet future needs (governance structure).




Description of identification and engagement of stakeholders demonstrating management of issues, impacts and concerns.






Evidence risks are being identified, considered and actively managed (live risk register or matrix).

5 What to look for at Gate 2

The Gate 2 seeks to answer the question: how well has the project proven the preferred option best meets the service need and maximises benefits at optimal cost?

At the conclusion of the review, the review team will rate the project against each of the key focus areas:

| Key Focus Area | General Description Applicable to Gateway | How Key Focus Area is Applied at Gate 2 |
|---|---|--|
| <p>Service Need</p>  | <p>Identification of the problem or opportunity and the service need, along with the drivers for change. Demonstrated alignment to government policy or strategy and evidence of demand for the potential new services or enhancements.</p> | <p>Service need refined to inform the project scope, key risks to service need are addressed and opportunities for broader benefits examined and maximised.</p> |
| <p>Value for Money and Affordability</p>  | <p>Ensure value is delivered by maximising benefits at optimal cost. Evidenced by a clearly defined scope, a cost-benefit analysis, consideration of affordability, and a robust cost plan to an appropriate level of detail for the lifecycle stage of the project. Value for money approach to allocating and sharing of risk. The whole-of-life, capital and operational cost impacts have been considered.</p> | <p>A base case and at least two realistic options have been refined and developed through a business case. The business case should to demonstrate consideration of affordability and maximum benefits at optimal cost. Clear pathway to access funding required for delivery and ongoing operations. Procurement, packaging and contracting strategy designed to drive maximum value from the market.</p> |
| <p>Social and Environmental Sustainability</p>  | <p>The project will be successfully delivered while managing long-term social and environmental impacts, opportunities and obligations created. These should consider socio-economic equity, impacts on outcomes for First Nations people or communities, resilience to climate change, effective place making, asset adaptability (including technological change), heritage, biodiversity, whole-life carbon emissions, and the robustness of the project's planning approvals processes.</p> | <p>Assessment of how the project fits within its context, community, location and place-based plans. Robust planning pathway and approach identified.</p> |

| Key Focus Area | General Description Applicable to Gateway | How Key Focus Area is Applied at Gate 2 |
|---|--|---|
| Interdependencies and Interfaces  | <p>Effective identification and management of project interdependencies and interfaces and integration with existing and planned infrastructure, systems and asset networks which may impact the project's delivery or intended benefits. Consideration of the technical (including digital) and organisational systems to ensure the project will effectively support the performance of the wider network.</p> | <p>Effective identification of option/s' interdependencies and interfaces (including other projects, enabling infrastructure and third parties) which may impact the project achieving its intended benefits.</p> <p>Preferred option considers how the project will integrate with broader service network.</p> |
| Governance, Decision-Making and Culture  | <p>The project and program governance is robust. Clear accountabilities, decision-making and approval processes exist, are transparent, timely, appropriate and understood. Regulatory approvals and frameworks relevant to the project are considered. The senior responsible officer (SRO) and project team have the culture, capability and capacity required to achieve project outcomes and realise benefits.</p> | <p>Robust project development governance structure with clear responsibilities and reporting lines. Appropriate delegations are in place with an emphasis on decision-making to support effective project procurement and delivery. Regulatory approvals required for project delivery/ or operations are considered.</p> |
| Risk Management  | <p>Ongoing identification and active management of risks and opportunities using a structured and formal methodology.</p> | <p>Risks and opportunities identified, considered and controlled within a structured methodology to enable project procurement and delivery.</p> |
| Stakeholder Management  | <p>Ongoing identification and proactive management of stakeholders (both internal and external to government) using a structured and robust framework appropriate to the stage in the project lifecycle.</p> | <p>Identification and engagement of stakeholders, both internal and external to government. Stakeholders to be formally engaged and evidence showing how this has influenced project development.</p> |
| Asset Owner's Needs and Change Management  | <p>Proactive assessment, through the lifecycle of the project, of how the needs, responsibilities and readiness of the asset owner have been addressed to support asset handover and operations. Demonstrated consideration of issues and risks pertaining to the asset manager, operator and changes for end users.</p> | <p>Involvement of the asset owner/ operator and consideration and documentation of operational issues for the project. Proactive identification of handover points and required change management processes to move effectively through to procurement.</p> |

Key Focus Area 1 – Service Need

| Key Focus Area | How key focus area is applied at Gate 2 | | |
|----------------|---|--|--|
|----------------|---|--|--|



Service Need

Service need refined to inform the project scope, key risks to service need are addressed, and opportunities for broader benefits examined and maximised.

Increasing scope confidence



Project scope clearly articulated in the context of the problem definition and evaluated against service need and project objectives.

Managing risk



Detailed assessment of risks of not meeting the service need.
Procurement approach will deliver project outcomes.

Realising benefits



Project outcomes clearly identified and maximised for non-monetary benefits across agency portfolios.

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- ▶ Has a compelling case for change been presented (including consideration of whether the project is an endorsed Fast Track project)?
- ▶ How has the project presented a robust and evidence-based evaluation against problem definition, service need, project objectives, delivery, government policies and the agency's asset management plan?
- ▶ How has the project comprehensively assessed and analysed all reasonable and/or feasible alternative means of meeting the need (including use of the existing asset base, non-build and behavioural changes)?
- ▶ How unambiguous and detailed is the project scope in terms of outcomes, scale and requirements?
- ▶ What would be the impacts if the project is deferred? Are there elements of the service need which are more time-critical than others?
- ▶ Have the demand forecasts been developed through an appropriate modelling approach with valid data and a robust modelling process that incorporates validated assumptions?
- ▶ How have the delivery of the service need, scope, and through-life operations and maintenance requirements influenced the procurement strategy?
- ▶ How does the project identify and incorporate broader community outcomes to deliver whole-of-government benefits?
- ▶ How well has the approach to benefits management been documented, including embedding ongoing monitoring and reporting capability into day-to-day operations?

Optional areas to explore

The review team may choose to explore the following questions based on the type of project being undertaken.

For programs

How are the program's service need and benefits articulated? Are there clear business rules for qualifying projects?

How have the program procurement options been optimised to deliver maximum benefit?

For civil infrastructure

Nil

For buildings and places

How does the site masterplan, that the project sits within, demonstrate alignment to the current and future uses and requirements of the site?

Key Focus Area 2 – Value for Money and Affordability

Key Focus Area

How key focus area is applied at Gate 2



Value for Money and Affordability

A base case and at least two realistic options have been refined and developed through a business case. The business case should demonstrate consideration of affordability and maximum benefits at optimal cost. Clear pathway to access funding required for delivery and ongoing operations. Procurement, packaging and contracting strategy designed to drive maximum value from the market.

Increasing scope confidence



CBA of the project is consistent with Treasury guidance.

Managing risk



Demonstrated link between risk analysis and cost plan with a clear approach to contingency.

Realising benefits



Confirmation that benefits identified are achievable.

1



What is the evidence that the project will maximise benefits at optimal cost and the intended funding pathway including whole-of-lifecycle costs is supported (including consideration of whether the project is an endorsed and funded Fast Track project)?

2



To what extent does the project's funding include other funding sources outside of consolidated revenue?

3



Has any funding (State or Federal) been pre-committed? Are there any conditions related to this funding?

4



What is the evidence that the expected benefits are realistic and achievable and have been identified and quantified?

5



What is the evidence that a high quality and comprehensive CBA (in line with NSW Treasury guidance) has been completed and presented that includes assumptions, distributional analysis and sensitivity analysis?

6



How does the CBA support the preferred option being presented (the option with the highest BCR as calculated in-line with NSW Treasury guidance), or is there a significant risk or opportunity that justifies an alternative?

7



What is the evidence to support a clear link between the scope, schedule, cost plan, risk matrix, and CBA?

8



How has the project accounted for non-monetary benefits, costs and impacts to the community (including supporting local industries and businesses)?

9



Are the resourcing and funding plans and broader agency support to procure the project in place and are they appropriate to the project's scale?

10



How will the procurement, packaging and contracting strategy drive maximum value from the market?

11

- ▶ What is the approach to managing the impact of the works on utilities? Has liaison taken place with the utility owners and operators to assess cost and time impact?

12

- ▶ What is the approach to managing site conditions, including details of available existing asset data, site surveys, investigations completed and any contamination issues?

13

- ▶ How does the preferred option consider modularisation, repeatability or Modern Methods of Construction, such as offsite and on-site manufacturing, modular construction, prefabrication and site-based process improvements, to improve efficiency and value for money?

Optional areas to explore

The review team may choose to explore the following questions based on the type of project being undertaken.

For programs

Nil

For civil infrastructure

What is the approach to value engineering and innovation within the design development to maximise benefits while minimising cost?

For buildings and places

How does the masterplan drive maximum benefits while minimising costs and how has this impacted the analysis of the project?

Is the approach to architecture driving cost and what is the approach to value engineering for the design development?

Key Focus Area 3 – Social and Environmental Sustainability

| Key Focus Area | How key focus area is applied at Gate 2 |
|----------------|---|
|----------------|---|



Social and Environmental Sustainability

Assessment of how the project fits within its context, community and location and place-based plans robust planning pathway and approach identified.

Increasing scope confidence



Scope of the project considers social equity, environmental impacts, technological change and climate resilience in the context of its location and integration with the wider asset network.

Managing risk



Planning pathway assessed.
Risks around network and place integration are understood.

Realising benefits



Scope maximises access to services and addresses social inequality and environmental enhancements.

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- ▶ How has the planning pathway and timeline for the project been assessed? Is it realistic to achieve the project schedule and cost outcomes required?
- ▶ What progress has been made in the development of approvals documentation in-line with the overall delivery expectations on the project and is it appropriate?
- ▶ How have heritage impacts been robustly addressed in the design and/or the procurement approach?
- ▶ How will the project integrate with the built environment and precinct, and ensure value through place-making?
- ▶ How does the project maximise access to services for the community, interests of First Nations communities and people and address socio-economic inequality? How has the project considered long term social needs and impacts and balanced these against short-term project benefits and impacts?
- ▶ How does the preferred option address sustainability requirements, such as reducing whole-of-life carbon emissions and carbon reduction and re-use opportunities?
- ▶ How does the project scope contribute to increased resilience of critical infrastructure services through consideration of potential shocks and stressors?
- ▶ How are the legal rights and interests of First Nations communities and people identified and reflected in the base case and options, particularly for land use, planning, environmental and land ownership?
- ▶ How have biodiversity impacts been considered and minimised in the development of the preferred option?

Optional areas to explore

The review team may choose to explore the following questions based on the type of project being undertaken.

For programs

Nil

For civil infrastructure

How will the project manage the competing demands for places, people, transport modes and changing end-user priorities?

What consideration has been given to the achievement of a relevant sustainability/environmental rating (e.g. Infrastructure Sustainability Rating Scheme) and is this appropriate for the project?

For buildings and places

How has the project considered the integration with other community services that may be required to support the end-users of the project?

Key Focus Area 4 – Interdependencies and Interfaces

Key Focus Area

How key focus area is applied at Gate 2



Interdependencies and Interfaces

Effective identification of the option/s interdependencies and interfaces, including with other projects, enabling infrastructure and third parties that may impact the project achieving its intended benefits. Preferred option considers how the project will integrate with the broader service network.

Increasing scope confidence



Understanding the relationships between projects and any impacts on the project's scope.

Managing risk



Understanding and managing interface risk to ensure the project will effectively integrate into the asset network.

Realising benefits



Understanding viable coordination paths between interfaces are being developed to maximise project outcomes as project transitions from planning to delivery.

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- ▶ What are the interdependencies and interfaces (including enabling infrastructure) with the preferred option/s and what are the associated risks and opportunities to achieving the project's intended benefits?
- ▶ How has the project considered the delivery of any essential interdependent or enabling infrastructure?
- ▶ How does the project's design accommodate potential future expansion, or integration with related infrastructure systems?
- ▶ What opportunities for shared infrastructure or resources have been explored, to minimise impacts to budget, scheduling and disruption during construction/operation?
- ▶ How have potential network-wide cost impacts of the preferred option, during the delivery and operations phase, been considered?
- ▶ What construction staging has been considered with respect to discrete work packages within the project? How will interfaces be managed during delivery to minimise adverse impacts on projects, interfacing networks, businesses and the community?
- ▶ How has the long-term integration with broader asset networks and services been articulated in the evaluation of the preferred option?
- ▶ What data governance arrangements are in place to manage shared data across interfacing projects or agencies?

Optional areas to explore

The review team may choose to explore the following questions based on the type of project being undertaken.

For programs

What staging has been considered with respect to discrete projects within the program of works? How will interfaces be managed during delivery to minimise adverse impacts on projects, the program, interfacing networks, businesses and the community?

How has program delivery been prioritised, including appropriate tranches and dependencies between projects and any minimum service level requirements?

For civil infrastructure

How are utility models integrated into the broader digital twin or asset information model for the project?

For buildings and places

What issues has the clash detection software identified and how have the conflicts been resolved in the design?

Key Focus Area 5 – Governance, Decision-Making and Culture

| Key Focus Area | How key focus area is applied at Gate 2 |
|----------------|---|
|----------------|---|



Governance, Decision-Making and Culture

Robust project development governance structure with clear responsibilities and reporting lines. Appropriate delegations in place with an emphasis on decision-making to support effective project procurement and delivery. Regulatory approvals required for project delivery and/or operations are considered.

Increasing scope confidence



Clear governance framework is in place. Project team structure, capability, experience and capacity is appropriate to take the project through procurement and plan for delivery.

Managing risk



Governance structure supports the assessment and control of risk.

Realising benefits



Clear approach to benefits measurement and management.

1

▶ What has been the formal project and Agency governance structure to support the full business case? How will this structure change to support the procurement phase?

2

▶ What is the capability and experience of the Agency nominated to procure and deliver the project? Are any necessary inter-agency governance agreements in place?

3

▶ What evidence demonstrates the SRO has sufficient engagement, expertise, capacity and financial delegation at a level appropriate to the scale of the project? What resource planning is underway to ensure the procurement process is appropriately staffed?

4

▶ How are project controls being developed to support monitoring and reporting of key risks during procurement?

5

▶ How is appropriate visibility and transparency of the project demonstrated and maintained to senior executives?

6

▶ How has the governance framework across the full business case ensured a balance between the technical and engineering outcomes, and end-user needs?

7

▶ Has the project considered the governance requirements for delivery?

8

▶ How has the adopted procurement, packaging and contracting approach been agreed within the established governance framework?

9

▶ What are the governance arrangements to manage project interdependencies? What inter-government committees or groups have been established to ensure interdependent risks are managed and the project is delivered on time?

10

▶ How will multidisciplinary teams be aligned to a shared purpose with a clear definition of success during project transitions?

11

▶ What is the investment in capability and relationship management, to support empowered decision making and accountability as the project progresses?

Optional areas to explore

The review team may choose to explore the following questions based on the type of project being undertaken.

For programs

How does the governance plan ensure that each of the component projects within the program will contribute to the expected outcomes and benefits?

Has a program management office function been established? Is it appropriate?

For civil infrastructure

Nil

For buildings and places

Nil

Key Focus Area 6 – Risk Management

| Key Focus Area | How key focus area is applied at Gate 2 |
|----------------|---|
|----------------|---|



Risk Management

Risks and opportunities identified, appropriately considered and controlled within a structured methodology to enable the procurement and delivery of the project.

Increasing scope confidence



Full assessment of risks against a clearly defined scope, documented and captured.

Managing risk



Development of robust risk management plan to take the project through procurement and delivery. Clear understanding of procurement risks.

Realising benefits



Risk assessment extends to future benefit management.

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- ▶ What are the key risks to the successful procurement and delivery of the project and how are they mitigated?
- ▶ What has been the formal risk management approach, and does it remain appropriate for the procurement stage of the project?
- ▶ Is there an active risk matrix that is comprehensive and robust? How is this kept current?
- ▶ Has the development of the risk matrix, identification and quantification of risks involved all relevant stakeholders (including the industry)? How has the asset owner/operator been involved in the development of the risk management plan?
- ▶ How have the major risks to project procurement and delivery been addressed in the full business case?
- ▶ How are risks outside the project team’s control identified, assessed and mitigated?
- ▶ How does the organisation measure transparency and encourage ‘frank and fearless’ communication in these situations?
- ▶ What is the commercial risk allocation for the project and is it realistic for the scale and complexity of the project?
- ▶ What are the key risks to the realisation of benefits and how are they to be mitigated?

Optional areas to explore

The review team may choose to explore the following questions based on the type of project being undertaken.

For programs

What is the risk escalation process established to allow project risks to be considered at the program level and is it appropriate?

For civil infrastructure

Nil

For buildings and places

Nil

Key Focus Area 7 – Stakeholder Management

Key Focus Area **How key focus area is applied at Gate 2**



Stakeholder Management

Identification and engagement of stakeholders, both internal and external to government. Stakeholders to be formally engaged and evidence showing how this has influenced project development.

Increasing scope confidence



Stakeholder input to the project scope.

Managing risk



Assessment of risks resulting from the acceptability of the project to key stakeholders.

Realising benefits



Stakeholder engagement has clearly conveyed project benefits identified in the full business case.

1

▶ What level of engagement has been undertaken with stakeholders (including end-users and the community) in the development of the preferred option? How have issues been addressed?

2

▶ What is the stakeholder management and engagement strategy for the procurement stage of the project and is it comprehensive?

3

▶ How has intra- and inter-agency consultation resulted in the identification of opportunities to enhance the outcomes of the preferred option?

4

▶ How have the views and concerns of stakeholders been incorporated into the development of the preferred option and procurement strategy?

5

▶ How has the project benefited from early market engagement in the development of the preferred option or procurement strategy?

6

▶ What is the market engagement and tenderer engagement approach for the procurement stage? Is it robust and how will it enhance benefits and deliver innovation?

7

▶ How has the market engagement and community stakeholder activity been coordinated with other relevant projects to mitigate communications/ stakeholder fatigue as the project progresses?

8

▶ How does the project team plan to manage any dependencies of the preferred option/s on other parties including government agencies, local councils, utility providers, to deliver on the objectives and benefits in the full business case?

Optional areas to explore

The review team may choose to explore the following questions based on the type of project being undertaken.

For programs

How does the planned stakeholder engagement approach, especially with stakeholders external to government, demonstrate a level of sophistication appropriate to the scale of the program?

Can the program demonstrate established program and project level stakeholder engagement approaches?

How is stakeholder influence being mapped and managed at both program and project level?

For civil infrastructure

How granular is the stakeholder management plan and is this sufficient to address issues across communities impacted by the length/scale of the project?

For buildings and places

Nil

Key Focus Area 8 – Asset Owner’s Needs and Change Management

| Key Focus Area | How key focus area is applied at Gate 2 |
|----------------|---|
|----------------|---|



Asset Owner’s Needs and Change Management

Involvement of the asset owner/operator and documentation of operational issues for the project. Proactive identification of handover points and required change management processes to move effectively through to procurement.

Increasing scope confidence



Operational impact changes understood.

Managing risk



Understanding of affected organisations and likely response to change documented.

Realising benefits



Benefit owners identified and a clear methodology to capture and manage benefits is documented.

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- ▶ How have the project’s consequences on the broader network/system changes (including disruption during project delivery) been considered, addressed and endorsed by the asset owner/operator?
- ▶ How have systems changes/transformation (information, technology, processes or procedures) driven by the project been explored and addressed?
- ▶ How has the asset owner/operator (or benefit owner) been involved in the development of the project? What is the status of the project’s asset management plan(s) and has the asset owner/operator signed off that they will be able to deliver the intended benefits?
- ▶ What are the consequences of the operational impacts across affected organisations (including workforce or human resources) and are they transparent?
- ▶ How well are the end-user needs and impacts considered, including information requirements and demonstration of asset standards?
- ▶ What is the approach to facilitate the handover of the project to the team responsible for procurement? How will it involve the asset owner/operator, and who will be accountable for leading this change? What is the approach to efficiently recruit and induct new staff into the project team for the procurement stage of the project?

Optional areas to explore

The review team may choose to explore the following questions based on the type of project being undertaken.

For programs

Nil

For civil infrastructure

Nil

For buildings and places

Nil

6 Cost review questions

All Gate 2 Gateway reviews are required to address the following additional cost review questions:

- 1 ▶ What methodology has been applied to determine the capital cost estimate?
- 2 ▶ Have the costs been independently verified, what issues have been identified and how have they been resolved?
- 3 ▶ What is the confidence level of the capital cost estimate?
- 4 ▶ Has the cost plan been developed in line with the Agency or NSW Treasury guidance, and appropriately detailed and benchmarked?
- 5 ▶ How has the cost plan been detailed and benchmarked?
- 6 ▶ Have the risks to on-budget completion of the project been incorporated into the cost plan at a level sufficient for the scale and complexity of the project?
- 7 ▶ How was the project contingency estimated?
- 8 ▶ What is the level of detail in the design and is it appropriate to determine the cost estimate?
- 9 ▶ What is the methodology applied to determine the whole-of-life cost estimate?
- 10 ▶ What is the level of escalation applied, and does it appropriately reflect anticipated market risk?
- 11 ▶ What is the escalation rate applied?
- 12 ▶ Have all costs to deliver the project and its key objectives been included? (e.g. cost of associated and peripheral works).

The review team must complete the appropriate section within the Gate 2 review report to respond to these questions.

7 Glossary

| Term | Definition |
|--|--|
| Agency | The Government delivery agency (also the accountable agency) tasked with developing and/or delivering a project at its stage in its lifecycle applicable under the Infrastructure Investor Assurance Framework and the NSW Gateway Policy. |
| Assurance reviews | Refers to Gateway, Health Check, Deep Dive, Optimisation reviews and Infrastructure Portfolio Health Check reviews. |
| Business case | Document that supports decision-making and public accountability. It provides information about a problem, case for change, project viability and deliverability. The types of business cases and mandatory requirements are outlined in <i>TPG24-29 NSW Government Business Case Guidelines</i> . |
| Equipment | The necessary assets used on or to support an infrastructure system and can include fleet and rolling stock. |
| Estimated total cost (ETC) | The total cost of a project or program from inception (strategic planning, preliminary business case) to completion of all project development (full business case), procurement and physical delivery of works, including design, consulting and construction contract award values and internal capitalised costs to government. Does not include operational costs. |
| 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. |
| Gateway Coordination Agency (GCA) | The agency responsible for the design and administration of an approved, risk-based model for the assessment of projects/programs, the coordination of the Gateway reviews and the reporting of performance of the Gateway review process. |
| Gateway Policy | The NSW Gateway Policy sets out the key points along the project lifecycle important for providing confidence to the NSW Government that projects are being delivered to time, cost and in-line with government objectives. |
| 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's lifecycle.</p> <p>A Gateway review is a short, focused, independent expert appraisal of the project that highlights risks and issues, which if not addressed may threaten successful delivery. It provides a view of the current progress of a project and assurance that it can proceed successfully to the next stage if any critical recommendations are addressed.</p> |

| Term | Definition |
|---|---|
| Infrastructure | The basic services, facilities and installations that support the provision of goods and services essential to enable, sustain or enhance societal living conditions and can include water, wastewater, transport, sport and culture, power, policy, justice, health, education and community services. |
| Infrastructure investor | The NSW Government, representing the state of NSW. |
| IIAF | Infrastructure Investor Assurance Framework. |
| Infrastructure projects and programs | A project is a discrete time-bound set of works delivering defined outcomes. A program is a co-ordinated grouping of related projects delivering broader outcomes. |
| Key focus area | A specific area of investigation that factors in Gateway review deliberations. |
| Project director | The Agency's nominated project director arranges access to the relevant project documentation and drafts the interview schedule for the review team. The project director takes an active part in the Gateway review interviews and assists in responding to the GCA review manager and review team requests. |
| Project team | The Agency's assigned group with responsibility for managing the project through the Gateway review. |
| Senior responsible officer (SRO) | The Agency executive with strategic responsibility and the single point of overall accountability for a project. |

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For enquiries please contact mail@insw.com