GATE 1 REVIEW WORKBOOK

Options Analysis

Version Date: March 2026

Endorsed: Director Infrastructure Assurance

Approved: Chief Executive

Assurance Review Purpose and Application

Purpose

Assurance Reviews are an objective point in time assessment of a project that provides agencies and Cabinet, as investor, with confidence that a project is being well planned, developed, managed and delivered. Assurance Reviews are a means to support agencies achieve enhanced project outcomes through independent expert review recommendations and findings.

The Review provides early and continuous oversight of government's investment decisions analysing a range of factors including governance, risk management and performance against the key focus areas of time, cost, scope, impact and delivery. It provides agencies with information to better position the project for success through evidence-based findings and recommendations.

All assurance reviews are undertaken in accordance with the Cabinet approved *Infrastructure SA Assurance Framework (ISAAF),* and ancillary materials such as the Assurance Guide, Workbooks and specific review Terms of Reference (ToR).

A project can be further developed through an Options Analysis or Strategic Business Case following the Gate 0 / Project Registration process that established the strategic case for the project's need, consistent with government and service priorities, and confirmed that further investigation into an infrastructure solution is warranted.

The **Gate 1 Options Analysis Review** assesses how well the project has developed and analysed a range of realistic options to meet the service need that maximises benefits within a range of cost-effective scenarios. It considers whether the proposed way forward is achievable and will successfully support the development of the full business case.

The Gate 1 Options Analysis Review provides investor-focussed assurance to inform decisions on whether the project should proceed to Business Case development.

This Gate 1 Review provides assurance to government that:

- a genuine and evidence-based consideration of options has been undertaken,
- the preferred way forward is credible and achievable, and
- the project is appropriately positioned to justify further investment through Business Case development.

Application

In a situation where a Gate 0 / Project Registration document does not contain the extent of required information, or sufficiently details the strategic need, it will need to be addressed at Gate 1. ISA will confirm with the agency the level of information required.

ISA has developed an Options Analysis Template as a guide for agencies in the development of the Options Analysis/Strategic Business Case/Planning Study ("**Report**") that is available for use.

The Report confirms the strategic need and explains how options were developed. It includes defining the base case, identifying a longlist of potential solutions and narrowing these to a shortlist. A high-level impact assessment of the shortlisted options is then used to decide which options should be examined in the Gate 2 Business Case.

This Gate 1 Review Workbook provides agency guidance on how to prepare for the review and the Review Team to conduct the review. It offers key areas to explore and evidence to examine. As each project is unique and circumstances change, it is a guide to the line of inquiry, range of potential questions and evidence to be examined.

The scope and depth of information required is proportionate to the project's scale, risk and complexity, consistent with the ISAAF.

The ISA *Assurance Guide* provides further information on the assurance review process including development of the review Terms of Reference.

Terms of Reference

In addition to the requirements outlined in the Purpose, the Review Team is required to assess and provide comment on the following project specific TOR questions:

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- *To be inserted*
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The Review Team should also assess the extent to which the project aligns with relevant whole-of-government policies, strategies and guidance applicable at the time of review, and whether any material policy misalignment introduces any key risks.

Previous Recommendations

The Review Team is required to assess any preceding assurance review outcomes and recommendations to:

- confirm which recommendations have been completed and are adequately supported by documentary evidence,
- determine whether any recommendations not yet completed are being appropriately actioned; and
- where appropriate, combine, carry forward or re-word the recommendations that have not yet been closed out into the new Recommendation Schedule for this assurance review.

Documents

Minimum project information required at least **5 business days** prior to planning meeting:

- Gate 0 (Strategic Assessment),
- Options Analysis (or Strategic Business Case) “Report” (draft or complete) and any supporting documentation,
- Completed ISA Document and Stakeholder Lists, and
- Previous ISA review report.

All other supporting information is required prior to the planning meeting. A copy of the planning meeting presentation must also be provided. Each KFA section identifies the minimum expected documentary evidence. The Review Team may request additional documents as required.

Interviews

The **Assurance Review Guide** lists the stakeholders typically interviewed as part of the review.

Conducting the Review

Project and Review Teams refer to the **ISA Assurance Guide, Appendix B ‘Undertaking Assurance Reviews’** for information on preparing and conducting the review.

Overall Project Confidence Assessment

Risks identified across the Key Focus Areas should be considered collectively in forming the Review Team's conclusions.

The Review Team should consider the cumulative effect of identified risks, interdependencies and uncertainties when assessing overall project confidence assessment and determining the significance and prioritisation of recommendations.

In forming its conclusions, the Review Team must provide a clear narrative assessment of overall project confidence for the next stage of development.

This assessment should consider:

- the strength and credibility of the options analysis,
- the level of uncertainty remaining at Gate 1,
- the capability and capacity of the delivery agency to progress to Business Case, and
- the cumulative effect of risks identified across all Key Focus Areas.

The Review Team should articulate how its confidence judgement has been derived from the evidence reviewed and clearly explain any factors that may constrain successful progression if not addressed.

This assessment does not replace detailed findings or recommendations but provides an integrated investor-focused view of project readiness.

Key Focus Area (KFA): Scope

This KFA is concerned with ensuring the project's service need and scope is well defined, strategically aligned, and supported by a robust and evidenced base case for change. It assesses whether the project has clearly articulated its purpose, confirmed the underlying problem or opportunity and identified and evaluated a broad and realistic range of options capable of meeting the service need and objectives.

At Gate 1, The service need is clearly defined and evidence based, and a proportionate options analysis demonstrates how a range of realistic options has been identified, assessed and evaluated to meet projected service need and demand, maximise benefits and optimise costs that will deliver the ideal outcome for government and the community.

In particular, the Review Team will confirm:

- The service need is clearly defined, evidence-based, and aligned to the problem or opportunity identified at Gate 0,
- A broad and realistic set of options, each with a defined scope and functional requirements, has been considered. This includes consideration of non-infrastructure and minimal viable solutions to address the service need.
- A structured and objective methodology has been applied to identify, assess and shortlist options,
- Stakeholders have been identified and engaged to inform the options analysis, and key scope risks have been identified and considered.
- Any key risks associated with project scope, or the consequences of inaction, have been recognised and addressed.
- Integration and interface requirements, including supporting infrastructure and external services, have been identified and considered.

Expected Level of Evidence:

- Well-developed draft (or Final) Options Analysis/Strategic Business Case.
- Evidence of Government priority commitment.
- Forecast demand analysis.
- Service Models and Plans including Strategic Asset Management Plans.
- Change management and change control plans (if available)
- Expected outcomes and/or benefits management plan and benefits register.
- A register of key interfaces and dependencies.
- Stakeholder engagement plan and outcome of any engagement to date
- Examples of lessons learned captured by or used to inform the project.

Key Focus Area (KFA): Cost

This KFA addresses several important aspects related to the project's financial management. It encompasses budget estimates, financial analysis, cost management, commercial viability, and overall affordability of the options under consideration.

At Gate 1, high-level indicative cost estimates are required for each potential option sufficient to support consistent comparison between options. The estimates should detail the assumptions and include suitable allowances for all project-related costs, contingencies and risks. Additionally, the project must identify and assess any opportunities that could offset costs and include potential revenue streams, various funding options, offsets or possible operational savings. A financial analysis of each option should be carried out to ensure thorough consideration.

In particular, the Review Team should confirm:

- High-level cost estimates have been developed for each option with appropriate project related costs and contingencies.
- Risks have been assessed and costed consistently across all options.
- There is transparency in cost assumptions, allowances and methodologies.
- The project has identified potential funding sources, revenue options, offsets or savings that could inform an investment decision.
- A comprehensive risk and opportunity assessment has been completed as part of the option assessment analysis.

Expected Level of Evidence:

- High level cost estimates for each option, covering planning, delivery and operational costs (ie whole of life costing) appropriate to the project's value and risk profile.
- Financial models or other forms of financial analysis supporting the estimates.
- Risk modelling or evidence used to determine contingency levels.
- Any benchmarking or outcome of early market engagement that could inform cost.
- Identified funding sources, including potential revenue streams or operational savings.

Key Focus Area (KFA): Time

This KFA is dedicated to examining the scheduling and programming aspects of the project, including risk allocations, float, contingency, milestones, and external impacts. A thorough assessment of these elements ensures the feasibility and reliability of the project timelines for each option under consideration.

At Gate 1, a high-level project schedule is presented to establish the delivery strategy, including key planning activities, approvals, milestones, and delivery risks. The review should ensure that the identification and assessment of schedule risks for each option have been conducted consistently, incorporating risk allocations, float, contingency, and external impacts. The schedule should factor in key stakeholder requirements, outline approval pathways, and clearly articulate how risks will be managed to support reliable and feasible project timelines for all options under consideration.

In particular, the Review Team should confirm:

- A consistent high-level delivery schedule has been developed for each option.
- Key milestones, approvals pathways and delivery risks have been identified.
- Schedule risks have been assessed consistently across options.
- Key stakeholder requirements have been factored into indicative timelines.

Expected Level of Evidence:

- Project schedule – including a project program/Gantt chart showing current status, critical milestones and remaining activities planned through to completion.
- Stakeholder Management Plan.
- Risk Management Plan and Register.

Key Focus Area (KFA): Impact

This KFA centres on the identification, management, delivery and impact of outcomes and benefits, considering the perspectives of the asset owner, end user and investor. The intent is to ensure that the project delivers tangible and measurable benefits, while also recognising and addressing any potential disbenefits.

> At Gate 1, each option will have been sufficiently and consistently assessed to identify the benefits and disbenefits of each option to deliver the expected outcomes and enable an informed evidence-based decision to be made. Each option will assess the likely heritage, cultural, social, environmental, decarbonisation, sustainability and economic impacts (positive and negative). An economic analysis and evidence will support the preferred options being progressed to the Business Case stage for more detailed assessment.

In particular, the Review Team should confirm:

- The expected benefits to be delivered have been identified and clearly linked to the correct project objectives and intended outcomes.
- The preferred options have been assessed for economic, cultural, heritage, social, sustainability, decarbonisation and environmental impacts consistent with the standards set out in the *ISA Impact Analysis (Cost Benefit) Guide* (ie ILM, Strategic Merits Test or Cost-Benefit Analysis) and using an approach proportionate to the project's scale, risk and stage of development.
- The impact assessment is consistent across options, allowing for meaningful comparison.
- The options analysis has considered end user, asset owner and operational impacts, including any implications for ongoing service delivery or operating costs.

Expected Level of Evidence:

- Options Analysis/Strategic Business Case documentation.
- Impact Assessment and/or Economic appraisals, ie ILM, Strategic Merits Test or Cost Benefit Analysis of the options.
- A benefit management plan, detailing the assumptions and evidence used for valuing each benefit.
- Demand analysis and modelling outputs.
- Outcomes from any stakeholder engagement activities.
- Environmental, heritage, sustainability, decarbonisation, social or cultural impact assessments.

Key Focus Area (KFA): Deliverability

This KFA addresses the essential factors influencing the successful delivery of the project, including governance, capability, capacity and market approach. The primary aim is to ensure that the project is delivered efficiently on schedule and within budget.

> At Gate 1, the project demonstrates that it is organised and resourced at a level appropriate to progress confidently to Business Case, with clear governance, accountabilities, an agreed delivery approach and a credible pathway though the next stage of development. It has assessed key delivery risks and adjusted ensure that the project can deliver its outcomes efficiently and effectively.

In particular, the Review Team should confirm:

- The capability, capacity and maturity of the project team are commensurate with the scale, risk and complexity of the project and are sufficient to support progression to Business Case development.
- The project has identified key delivery roles and responsibilities, and that resourcing assumptions for the next stage (Business Case development) are realistic and achievable.
- A project delivery strategy appropriate to the Options Analysis stage has been defined, describing how the project is intended to be progressed, governed and managed as it moves into Business Case.
- A fit-for-purpose governance framework is in place, proportionate to the project's size, risk and complexity, with clear reporting and decision-making pathways.
- Key delivery risks and barriers to progressing the project have been identified at a high level, with early consideration of mitigation strategies.
- An indicative delivery / procurement plan and market approach has been identified, demonstrating that the project has considered how it could be delivered, noting that further refinement will occur at Business Case.
- Lessons learned from previous projects have been recognised, considered and applied where appropriate.

Expected Level of Evidence:

- Documents outlining governance structures or arrangements in place.
- An organisation chart for project (or proposed structure).
- Agendas and Minutes (last three) for the project executive/steering and management governance groups.
- Project delivery strategy that outlines how the project is organised and defines the relationships between all key parties including how timely decisions are made, risks are managed and results delivered.
- An indicative Delivery / Procurement Plan.
- Risk Management Plan & Risk Register
- Project management or project implementation plan including a RACI matrix.
- Examples of lessons learned that have been captured and used to inform the project.