

Capital Intentions Statement Framework

October 2020

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About Infrastructure SA

Infrastructure SA (ISA) is an independent statutory authority established under the *Infrastructure SA Act 2018* to provide independent advice and assurance to the State Government in relation to major infrastructure projects and policy. Its primary role relates to the provision of advice on the assessment, prioritisation and delivery of major infrastructure projects in South Australia to achieve positive long-term strategic outcomes for the State.

ISA has various statutory obligations in performing this role, including developing a 20-year State Infrastructure Strategy (to be reviewed at least once every five years), developing a five-year Statement of Capital Intentions (known as the Capital Intentions Statement or CIS, which is to be reviewed at least once every year), and to prepare additional strategies, statements or plans as required.

Through these documents and functions, ISA promotes the adoption and use of policies, practices, information and analysis to support sound decision-making in relation to infrastructure.

About the Capital Intentions Statement

The Capital Intentions Statement (the CIS) represents ISA's opportunity to provide a well-informed, contemporary view on which infrastructure initiatives should be prioritised to deliver improved outcomes for South Australia. This document draws on a diverse range of projects, initiatives, strategies and plans to provide a consolidated view of the initiatives which should be advanced as a priority over the subsequent five-year period.

In compiling this prioritised list, ISA must adopt an objective and considered approach to its analysis to ensure the CIS is an effective and robust document that is backed by evidence and useful to all agencies in undertaking their infrastructure planning.

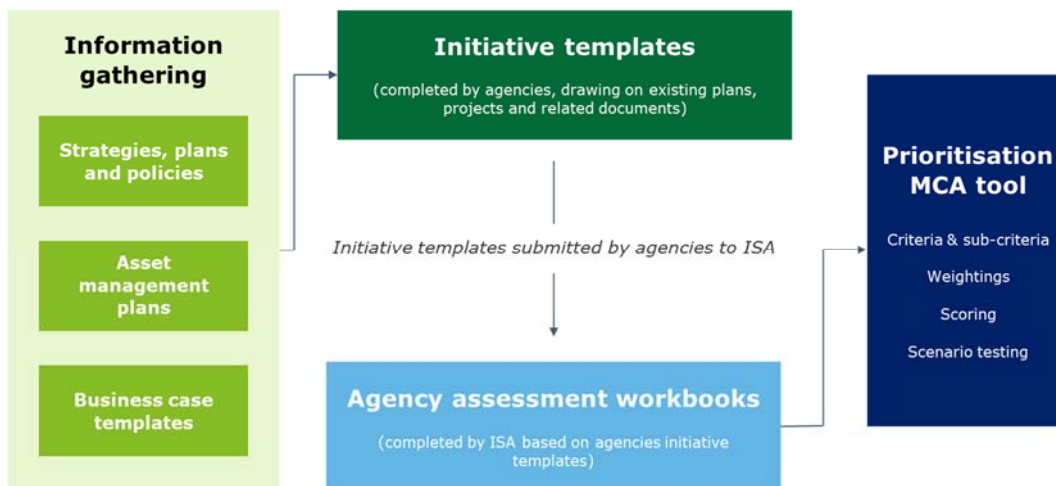
The CIS Framework summarised in this document provides the set of tools and an overarching structure for reviewing the CIS annually to ensure it achieves these objectives and delivers these outcomes.

1. The Capital Intentions Statement Framework

The CIS Framework sets out the different types of outcome to be achieved by delivering prioritised infrastructure projects, as well as the process for identifying, assessing and prioritising initiatives capable of meeting these outcomes.

This framework is illustrated in Figure 1.1 below.

Figure 1.1: The CIS Framework



Defining the outcomes sought by the CIS

The types of outcomes to be achieved by prioritised initiatives are outlined in several different places as consistent with the Act under which ISA operates (the Infrastructure SA Act 2018).

These include the following:

- the Act itself– the object of which is:
 - (a) to promote such efficient, effective and timely coordination, planning, prioritisation, delivery and operation of infrastructure as is necessary for the economic, social or environmental benefit of the State; and (b) to promote the adoption and use of policies, practices, information and analysis to support sound decision-making in relation to infrastructure.
- the current 20 Year State Infrastructure Strategy, which adopts the objectives of:
 - sustained economic and jobs growth
 - planned population growth
 - connected and productive regions
 - a vibrant, global Adelaide
 - enviable liveability
- relevant State Government strategies and policies.

These outcomes are to be embodied in a set of overarching criteria defined for the CIS Framework which reflect the types of outcomes to be achieved by the prioritised infrastructure initiatives.

Establishing the criteria for how initiatives are to be prioritised

When selecting initiatives for inclusion in the prioritised list, a clear process must be established to ensure initiatives are assessed in the same way. The types of outcomes to be affected by prioritised infrastructure should be consistent within common timeframes, and across sectors and place.

Criteria represent the material contributions to be made by prioritised initiatives towards the types of outcomes desired, with these criteria explained in section 0.

The specific means of *how* these initiatives contribute to the outcomes captured via **sub-criteria**. Initiatives' relative strengths in meeting these criteria and sub-criteria provide the basis on which they will be prioritised.

Criteria and sub-criteria should be applied consistently within portfolios, however scenario testing will be undertaken following initial prioritisation as outlined further in section 4.

Based on the scores they received for each sub-criterion, the initiatives will be organised in a **scoring matrix**. This enables ISA to make *objective* and *consistent* decisions on the relative performance of initiatives against the criteria defined for the purpose of prioritising proposals.

Identifying the initiatives and gathering information

ISA will engage with agencies to identify relevant initiatives for consideration as part of the CIS for that particular review cycle. An Initiative Template will be provided by ISA to provide agencies with the means to submit initiatives for consideration.

This Initiative Template has been designed to reflect the criteria (and sub-criteria) being considered as part of the CIS, but also to align with ISA's Business Case Templates to assist agencies in providing the analysis and evidence required to support initiatives through the prioritisation process.

This has been done to enable agencies to leverage work prepared for a CIS or assurance process into the other, increasing efficiency and making better use of existing analysis where it is available. It is also an important measure to reflect broader changes in the infrastructure planning environment, with greater importance being placed in business cases and assurance processes.

Assessing the initiatives based on evidence

All initiatives submitted in the same year will be assessed against a common set of criteria, sub-criterion and scoring rules, with the weightings applied consistently. Agencies will receive advice on the standard of evidence required to support an assessment of these initiatives against each sub-criterion. Criteria weightings will be established by ISA.

Evidence standards provide the means of demonstrating performance against the sub-criteria. The level of specificity of these indicators may increase over time as agencies' capacity to develop the evidence required to support claims improves.

Reflecting the ongoing process of change and improvement, evidence standards applied under the CIS Framework are expected to evolve over time as agencies become more accustomed to new processes and capabilities in business case preparation improve.

Providing a roadmap for the CIS to evolve over time

The CIS is a new process being implemented at the same time as several other significant changes to the infrastructure planning environment. ISA's Assurance Framework (ISAAF) was finalised in 2020, with other changes to similar processes (including Infrastructure Australia's Assessment Framework) also being considered.

Agencies are responding to these changes accordingly, adopting new approaches to the way infrastructure planning is undertaken and documented and developing new capabilities. ISA realises that this type of change takes time, and that the adoption of new standards and processes progressively achieves a better outcome in the longer term.

Accordingly, the CIS Framework has been developed to allow for progression in the level of granularity and depth over time. Section 0 outlines how different aspects of the CIS Framework will evolve to deliver pragmatic outcomes which are both high quality and realistic without imposing undue burdens on agencies.

2. The prioritisation process

The prioritisation process involves considering the relative strengths of different initiatives in achieving the types of outcomes which are considered desirable from infrastructure projects.

This process is undertaken using an Excel-based multi-criteria analysis (MCA) tool which performs a series of simple calculations to produce a weighted final score for each initiative included. These weighted final scores are calculated based on the following components:

- **criteria** – reflecting the types of outcomes to be achieved by prioritised infrastructure
- **sub-criteria** – capturing the specific means by which these initiatives contribute to the outcomes
- **weightings** – relative weights attached to each of the criteria and sub-criteria reflecting the relative importance of each
- **scoring** – values (ranging from -1 to +3) assigned for each initiative against each sub-criterion based on a common set of scoring guidelines and the evidence supplied by agencies.

These components of the prioritisation MCA tool are explained in further detail in the subsequent sections.

1.1 Setting the criteria (and sub-criteria) for assessing initiatives

The starting point for determining how initiatives are to be prioritised is taken from the types of outcome to be achieved by effective infrastructure planning and delivery. These broad types of outcome have been taken from Infrastructure SA's establishing legislation, as well as the objectives set out in various policy and strategy documents (including the 20-Year State Infrastructure Strategy).

Five broad criteria have been defined to reflect these types of broad outcomes to be achieved. These criteria are:

- strategic
- economic
- environmental
- financial
- social

A weighting will be allocated to each of these criteria reflecting its relative importance to the annual review cycle of the CIS process, with the sum of these weightings totalling 100. These criteria, and the weightings allocated to them, are likely to evolve over time between review cycles, but are to be applied consistently within a given annual review cycle.

1.1.1 Sub-criteria

Various sub-criteria are defined under each of the criteria described above to capture how initiatives would make contributions towards the types of outcome reflected in the criteria.

The set of sub-criterion defined as part of the initial CIS Framework are summarised in **Error! Reference source not found.** As with the criteria, weightings will be attached to each of the sub-criterion reflecting their relative importance under the criteria, with sub-criteria weightings summing to 100 for each criterion.

As with the criteria, it is envisaged that the sub-criterion and weightings attached to them will evolve over time as specific nature of outcomes (and criteria) to be achieved evolve. However, they are to be applied consistently under any given annual review cycle to ensure consistency in the assessment of initiatives through any prioritisation process.

1.2 Weightings



Considering that all weights are assigned on a 100% basis, the initiative's final score will be the sum of the weighted sub-criteria scores multiplied by the relevant criteria weight.

The following provides an example of how weightings are applied to scores:

$$\text{Score} = CW1 * (SW11 * SS11 + SW12 * SS12 + SW13 * SS13) + CW2 * (SW21 * SS21 + SW22 * SS22 + SW23 * SS23)$$

where CW = Criteria Weight SW = Sub-criteria Weight SS = Sub-criteria Score

Figure 2.1: Example of weighting and scoring calculations

Criteria	Criteria weight	Sub-criteria	Sub-criteria weight	Sub-criteria Score	Sub-criteria weighted score
 Criteria 1	65%	Sub criteria 1.1	50%	1	$1 \times 0.5 \times 0.65 = 0.325$
		Sub criteria 1.2	25%	2	$2 \times 0.25 \times 0.65 = 0.325$
		Sub criteria 1.3	25%	0	$0 \times 0.25 \times 0.65 = 0$
 Criteria 2	35%	Sub criteria 2.1	20%	-1	$-1 \times 0.2 \times 0.35 = -0.07$
		Sub criteria 2.2	20%	3	$3 \times 0.2 \times 0.35 = 0.21$
		Sub criteria 2.3	60%	1	$1 \times 0.6 \times 0.35 = 0.21$
					Final Weighted Score: 1

This process will be performed for each initiative included in the MCA tool. Once all initiatives have been scored, the results will be ranked.

1.3 Scoring initiatives' performance against the sub-criteria

Each sub-criterion will be scored for each initiative using a set of discrete numerical scores (-1, 0, +1, +2 or +3), with an explanation of the basis on which initiatives are scored provided in section 4 of this document.

An example of how these scores are applied, and scoring rules to be considered, is provided in Table 2.1 on the following page.

Table 2.1: Example scoring against sub-criteria

Criteria	Sub-criteria	Score	Scoring guide
Strategic	Alignment of strategic position	-1	Undermines/inhibits strategies, policies, plans or legislation
		0	Does not align with strategies, policies, plans or legislation
		+1	Identifies relevant strategies, policies, plans or legislation
		+2	Contributes towards outcomes sought by strategies, policies, plans or legislation
		+3	Achieves outcomes sought by strategies, policies, plans or legislation
Economic	Supporting economic growth	-1	Reduction or delay in economic activity
		0	No change in economic activity
		+1	Accelerating/bringing forwards the same level of economic activity
		+2	Increase in gross output per annum (at steady state) equal to up to 0.1% of GSP
		+3	Increase in gross output per annum (at steady state) greater than 0.1% of GSP
Environmental	Addressing climate change by reducing greenhouse gas (CO ₂ e) emissions	-1	Increase in greenhouse gas (CO ₂ e) emissions
		0	No net change in greenhouse gas (CO ₂ e) emissions
		+1	Net change commensurate with 60% reduction target of 1990 levels by 2050
		+2	Net change commensurate with exceeding 50% reduction target of 2005 levels by 2030
		+3	Net zero emissions

3. Gathering information on initiatives

ISA will engage with agencies on an ongoing basis in order to undertake the annual review cycle of the CIS. The key tool for gathering information from agencies will be the Initiative Template, however ISA will also rely on broader information (e.g. policy documents, strategies and plans, asset management plans and its own Assurance Reviews and processes) to ensure the CIS and prioritised infrastructure list is informed and supported by a suitable body of evidence.

The Initiative Template

An Initiative Template has been designed to enable agencies to provide ISA with a detailed view of initiatives being put forward for consideration as part of an annual review of the CIS.

Agencies' responses through the Initiative Template should give ISA a solid understanding of the proposed initiative and should include any relevant information that agencies may wish to provide in support of their initiative. The Initiative Template will also be relied upon by ISA in undertaking its assessment of the proposed initiative.

Agencies will be invited to fill out the Initiative Template for each initiative they wish to put forward for consideration as part of the annual review of the CIS. The template sets out the information that will be considered by ISA in undertaking its assessment, specifying the alignment with relevant sub-criteria and examples of the types of information which could be used to support this alignment.

The Initiative Template has been designed to align the ISA's Business Case templates to allow agencies to leverage materials and analysis prepared for an Assurance or CIS process for the other, reducing the need to duplicate analysis and improving efficiency. The Initiative Template includes specific references to the relevant sections of the Business Case templates to assist agencies in locating relevant sections and mapping responses against one another.

As one of the aims of the CIS Framework is to improve the visibility of the pipeline of projects under development, the design of the Initiative Template also considers those initiatives which may not have been submitted through ISA's Assurance Framework.

The amount of information to be provided through the Initiative Template should be commensurate with the complexity and scope of the initiative, and its progression through ISA's Assurance Framework (which aligns with the Business Case templates), to enable agencies to bring initiatives forward early to support their development through subsequent stages.

For those initiatives which have not been registered with ISA previously or have not progressed beyond Gate 0, agencies should provide what information they have, but otherwise focus on the strategic aspects of the template. Initiatives that have progressed through subsequent Gates (1 or 2) should provide more detailed information, drawing on existing analysis included in previous documents (including any Strategic Assessment, Options Analysis or Business Case documents provided to Infrastructure SA previously).

4. The assessment process

ISA will undertake its assessment of the initiatives put forward by agencies, drawing on inputs such as the information provided by agencies through Initiative Templates and any supporting evidence, as well as ISA's assurance reviews.

The Assessment Workbook

The purpose of the Assessment Workbook is to provide ISA with the means to consider the evidence submitted by agencies through their Initiative Templates and assess the initiatives against the criteria, sub-criteria, scoring rules and evidence standards set out under the CIS Framework. This standardised assessment process will enable ISA to take a consistent, objective approach to assessing, scoring and prioritising initiatives.

The Assessment Workbook comprises several of the components to the prioritisation MCA tool including the criteria, sub-criteria and scoring options. The Assessment Workbook also sets out a set of scoring rules and evidence standards for each sub-criteria that ISA will use to guide its assessment.

As with the sub-criteria and weightings, these scoring rules and evidence standards will evolve over time. However, they are to be applied consistently under any given annual review cycle to ensure consistency in the assessment of initiatives through any prioritisation process.

ISA will consider the following types of question in undertaking its assessment of initiatives:

- Does the submission address the substance of the sub-criteria?
- Has suitable evidence been provided against the relevant evidence standard?
- Have relevant assumptions been stated?
- Has the analysis been compiled in accordance with relevant standards (e.g. PC049 – Infrastructure SA Major Project Assurance Framework, and T117 – Evaluation of and Approval to Proceed with Public Sector Initiatives)?

ISA will provide agencies with feedback to explain their assessment process and to assist agencies in refining their analysis and subsequent submissions.

Following initial assessment results will be entered into the prioritisation tool and ranked. The prioritisation tool allows for scenario testing which will enable ISA to review the ranking according to different project characteristics such as location (Metropolitan or Regional), type of infrastructure (economic or social) and relative weightings of key criteria.

5. A roadmap for the CIS Framework

ISA's approach to developing the CIS will evolve over time as agencies become more experienced and accustomed to the various infrastructure planning frameworks and requirements being introduced. ISA recognises that the changes required to enable agencies to work within these frameworks will not happen in an instant.

ISA has an important role in improving the way infrastructure projects and initiatives are planned and delivered to achieve better outcomes for South Australia.

ISA will work collaboratively with agencies to help navigate the following aspects involved in infrastructure planning and prioritisation:

- The identification of the various needs to be met through infrastructure over time, whether they relate to a specific problem being experienced today or an opportunity to be realised in the medium-to long-term future.
- The development of ideas for meeting these needs, and the preparation of formal business cases for delivering the projects capable of meeting these needs through ISA's Assurance Framework.
- The assessment of infrastructure project proposals, drawing on existing assurance processes and the outcomes of the current harmonisation review, to ascertain the quality of infrastructure projects.

The prioritisation of infrastructure projects, based on the importance and urgency of the needs to be addressed by the CIS, the quality of the project proposals received (as ascertained through the assessment framework) and the various parameters to be observed in developing the prioritised list.