Options Analysis  
Template

[Insert name of proposal]

[Insert name of sponsoring agency]

**[Insert document date]**

Purpose of the Options Analysis Template

**NOTE: THIS PAGE TO BE DELETED PRIOR TO SUBMISSION**

This template includes guidance on how to complete the Options Analysis document for an initiative that is to be progressed through the Infrastructure SA Assurance Framework (“ISAAF”) for the purposes of seeking investment from the South Australian State Government.

The Options Analysis provides decision makers with sufficient detail to decide whether there are any solution options that address the need for a capital solution and are worthwhile developing and assessing further. It does so by generating an options development process before using the process to produce a longlist of solution options, which are then narrowed down to a shortlist. Subsequently, the shortlist is assessed at a high level against a set of factors to then arrive at the options to investigate further in the Business Case.

The Options Analysis document forms the basis for any decision to allow the proposal to progress through Gate 1 of the ISAAF and proceed to the Business Case stage, leading up to Gate 2.

The following figure provides an overview of key characteristics of the Options Analysis template. Features of the two companion documents[[1]](#footnote-1) are provided for reference.

| Strategic Assessment | Options Analysis | Business Case |
| --- | --- | --- |
| To establish the case for change and investment need underlying the initiative, and identify proposal benefits, objectives and outcomes. | To identify a long list of options, select a shortlist and undertake a preliminary assessment on the shortlisted options. | To conduct a detailed assessment on the solution options and recommend one option for implementation and approval. |
| The Strategic Assessment will:   * set the scene for the initiative * build the case for change and establish the investment need * identify proposal benefits, objectives and outcomes * establish critical success factors for the initiative * define the base case.   The Strategic Assessment will not be used for an investment decision by the State Government. | Building on the Strategic Assessment, the Options Analysis will:   * confirm the case for change and the investment need * fine-tune the identified benefits, objectives, outcomes and solution requirements * strategically assess the longlist of options and narrow it to a shortlist * assess at a high level the shortlist of options against a range of criteria * identify the options to progress to Business Case stage for detailed analysis * provide preliminary considerations regarding solution delivery and management.   The Options Analysis will not be used for an investment decision by the State Government. | Building on the Options Analysis, the Business Case will:   * assess in detail the options progressed to Business Case stage through rigorous application of social, environmental, sustainability, financial and economic analysis criteria * demonstrate the viability and value of the options assessed * recommend an option for implementation * propose an integrated approach to funding * suggest a preferred delivery and procurement approach * detail how the project will be managed. |

Notes on the template

**NOTE: THIS PAGE TO BE DELETED PRIOR TO SUBMISSION**

General comments

Infrastructure SA provides this template to assist stakeholders in developing the required documentation for infrastructure initiative proposals in alignment with the ISAAF.

This Option Analysis document is an important document for undertaking a Gate 1 Assurance Review (Project Justification). The Gate 1 Assurance Review Workbook can be used for reference and to check on content and progress in the development of this document and the overall project.

The structure and content of this template are important to ensure the development and communication of a robust investment proposal. However, this template is offered as a guide only. It is important that you tailor documentation requirements to your particular initiative to meet its specific needs. The document size and the level of detail need to correspond to the size, priority, complexity and risk level of the initiative proposed.

**Please contact Infrastructure SA to discuss the unique circumstances of your proposed initiative and confirm resulting assurance and documentation requirements.**

Structure of template

The template suggests a document outline to provide the necessary data, information and analysis to support a decision to progress the initiative to the next stage and to release funding as applicable.

The document outline provides clear section headings that should be followed when developing the document.   
A short commentary is offered under each major heading detailing the:

* section’s purpose, and
* relative effort of developing the section, when compared across the three companion documents.

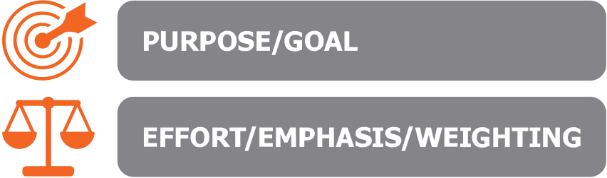
This is repeated across the three documents to facilitate understanding of how they relate to each other and integrate. The section introductory comment is followed by specific guidance for drafting purposes under each heading and subheading. Where considered beneficial, additional clarifying or background commentary has been provided in italics.

Delete all template commentary and guidance notes when you no longer require them.

Note that the table for the Shortlist Assessment has example data and should be replaced as part iof the drafting with real and updated data.

Content indicators

The following content indicators have been used to help you work with the template.



Document information

Document identification

|  |  |
| --- | --- |
| Document name |  |
| Document location |  |
| Document owner |  |
| Document author |  |
| Document ID |  |
| Proposal description |  |
| Delivery agency |  |
| Primary proposal contact |  |
| Program name |  |
| Program description |  |

Document history

| Version no. | Amendment nature | Amendment date | Amended by |
| --- | --- | --- | --- |
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Executive Summary

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| --- | --- |
| This section should provide a succinct stand-alone summary of the proposal and any associated recommendations and decisions sought. | |
| There will be a similar amount of effort involved in developing this section when preparing the Strategic Assessment, the Options Analysis and the Business Case. |

This section is intended to facilitate executive decision-making. It should be clear and concise, emphasising the most important aspects of the proposal and its development, with a particular focus on results, findings and options to progress to the next stage of the initiative. The length of this section may vary based on the specific proposal being considered. However, all relevant topics would typically be addressed in a few paragraphs.

Review, refine and expand on the information provided in the Strategic Assessment, ensuring all content is up-to-date. Aid reading by choosing headers that offer structure and logic. Address all pertinent matters, particularly:

* proposal background
* the investment need
* benefits and outcomes sought
* strategic alignment
* critical success factors
* base case definition
* options development process
* shortlist identified
* results of shortlist assessment
* solution options recommended to be progressed to Business Case stage
* key stakeholder engagement outcomes
* high-level risks
* strategic cost estimates
* preliminary funding strategy
* anticipated timeline
* key actions required to progress the initiative to Gate 2
* decisions/endorsements/approvals sought, and
* location map(s) indicating project context.

Maximum length of Executive Summary: 2–3 Pages

Proposal Context

|  |  |
| --- | --- |
| This section should provide a high-level introduction to the proposal, explaining its origin and strategic position, as well as the way its progression is managed. | |
| The main effort of developing this section should be incurred when preparing the Strategic Assessment. The Options Analysis should revisit what was prepared during the Strategic Assessment and provide updates and additional information only as required. The Business Case should do the same, based on the Options Analysis. |

Nature of proposal

The Strategic Assessment should have described the essence of the proposal. Further, it should have answered what need or opportunity the proposal is trying to address, when and where.

Ensure that this information is provided and confirm that it is still valid. Update it and provide additional information only as required.

Strategic position

The Strategic Assessment should have explained the proposal’s overall position in relation to the leading/sponsoring organisation, sector strategies and government policies. In doing so, it should have addressed the proposal’s relation to any overarching program, strategic asset management framework, the 20-Year Infrastructure Strategy and any relevant government strategy or policy.

Ensure that this information is provided and confirm that it is still valid. Update it and provide additional information only as required.

Government involvement

The Strategic Assessment should have explained why government involvement is deemed necessary to progress the proposal.

Ensure that this information is provided and confirm that it is still valid. Update it and provide additional information only as required.

Proposal governance

The Strategic Assessment would have detailed how progression of the proposal – from that point to delivery, including approvals – will be managed, providing clarity about relevant accountabilities and responsibilities, governance bodies and meeting and reporting regimes.

This information is critical. Ensure that it is provided and confirm that it is still valid. Update it and provide additional information only as required.

Stakeholder engagement and input

The Strategic Assessment should have detailed any early developments with respect to stakeholder engagement.

As part of the Options Analysis, it is likely that more stakeholder engagement will have occurred. Building on what was said in the Strategic Assessment, describe any new respective developments. Discuss key interactions have taken place, who has been involved and what the outcomes were. Focus on engagement that is critical for sponsorship, approval and funding of the proposal as well as community views, input and feedback.

Case for Change  
(Problem identification/opportunity)

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| --- | --- |
| This section should paint a clear picture as to the need for investment, based on a proven gap between the levels of existing service provision and related strategic demand. It should also highlight the risks associated with respective inaction. | |
| The Strategic Assessment should provide a preliminary, high-level assessment of the situation, which should be strong enough to demonstrate that there is a need to act. **The main effort of developing this section and building the case for change will be incurred when preparing the Options Analysis**. The Business Case will reiterate what was shown in the Options Analysis and provide updates and additional information only as required. |

Current state

*The Strategic Assessment should have described the existing service need, service model and level of service provision at a high level, supported by selected related evidence. This might have been anecdotal or might have come from any relevant types of studies, surveys or other data-backed analyses previously done or already available at the time of the Strategic Assessment.*

The Options Analysis should review the initial observations presented in the Strategic Assessment and seek to expand on these significantly. The question of what “business as usual” currently looks like should be explored and explained in detail. To do so, a structured, systematic, methodologically sound and up-to-date analysis of the current service model and state of service provision should be conducted.

In this subsection, use these analyses and other sources as appropriate to paint a picture of what the current service provision looks like. Do so in a succinct yet logically sound way. Rather than replicating separately conducted analyses, your narration should, to the extent possible, provide fresh insights, drawing on and referencing select pieces of data and information from available sources and integrating them into one easy-to-follow storyline. The style of writing should be such that a reader with a general business background, rather than a subject matter expert, can comprehend the line of thought without effort.

Demand situation

The Strategic Assessment should have illustrated the service demand situation – both current as well as forecast – at a high level. As far as possible, this will have been supported with selected evidence, based on data and information available at the time of the Strategic Assessment.

The Options Analysis should review the initial strategic demand observations presented in the Strategic Assessment and expand on these significantly. Current and future demand levels, including long-term expectations, should be explored and explained in detail.

For the drafting of this subsection, use the same approach as suggested for the Current State analysis i.e. summarised presentation of findings from separately conducted analyses which, in this case, are likely to be demand models or surveys, for instance.

Ensure that demand is considered not only in terms of movement of people, patient numbers and freight volumes and similar, but also as a result of changes in legislation, policies, standards, global warming, the natural environment, lifestyle and similarly wide-reaching factors and conditions. If applicable, describe any further specific opportunities or requirements underlying the proposal. Structure this subsection accordingly.

Investment need

The Strategic Assessment should have provided an initial, high-level comparison of the strategic demand for service provision with its current state, thereby identifying any gap – either existing or forecast.

The Options Analysis should build and expand on the initial gap identification presented in the Strategic Assessment, drawing on additional data and information available from various analyses conducted.

The Strategic Assessment should have phrased the case for change by summarising the overall situation with a clear problem statement that identifies the business need and establishes the resultant need for investment. Revalidate this initial statement, updating as necessary, based on any new findings.

In addition, discuss the cause of the problem and who is affected by it and how, as this will assist in exploration of solution options.

Inaction consequences

The Strategic Assessment should have provided an initial description of the consequences of not acting on the case for change. This should have included a consideration of associated risks likely to materialise and the consequences of that.

The Options Analysis should build and expand on this initial description and consideration, drawing on new insights gained from various analyses conducted in relation to current service provision and current and forecast demand.

In your narration, be as specific as possible, preferably quantifying any likely impacts e.g. increase in patient waiting periods (in days), drop in customer satisfaction levels (in percentage points), increase in travel time   
(in minutes) or decrease in the number of legal or policy requirements met.

Indicate any expenditure required to maintain the current level of service provision i.e. the financial commitment that would exist even if the proposal didn’t materialise.

Outcomes Sought

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| --- | --- |
| Building on the case for change, this section should determine the benefits and outcomes sought as a result of the identified service shortcoming. This will be followed by definition of any requirements resulting from consideration of a number of aspects and, finally, identification of critical success factors for the proposal. | |
| Important groundwork for this section should be completed in the Strategic Assessment, with  the preliminary identification of benefits, proposal objectives and outcomes sought. The Options Analysis should revisit, confirm and refine these before focusing on solution requirements.  The Business Case should restate what was presented in the Options Analysis, with the provision of updates to technical details to be the exception. |

Benefits and outcomes

Revisit this subsection’s information provided in the Strategic Assessment. It should have listed all benefits and outcomes sought from the proposal, possibly using an ILM as the basis.

If an ILM was completed, its outcomes would feature as benefit key performance indicators (“KPIs”). If this information is available, confirm that it is still valid. Then specify any resulting performance and functional requirements as well as changes to services and operational capabilities required. Be as specific as possible.

Strategic alignment

Revisit and review the information presented in the Strategic Assessment to ensure it remains valid. It should have provided a preliminary list of specific requirements the proposal will need to meet to ensure its strategic alignment, based on its respective position as identified in the subsection “Strategic position” of the “Proposal context” section. Expand on this and provide additional information as required.

Integration

Revisit and review the information provided in the Strategic Assessment. It should have stated how the proposal will integrate with the broader service network. Expand on this and ensure integration covers services provided by government and non-government entities and across the relevant sector(s).

The Strategic Assessment should also have stated how the proposal integrates with the broader asset and infrastructure network. Expand on this and ensure integration covers assets and infrastructure owned and/or managed by government and non-government entities and also across the relevant sector(s).

In addition, the proposal should start to develop a design approach and a strategy for how it will integrate into the broader environment. Assess the constraints and the opportunities within the natural and the built environment. Consider rezoning, land use changes, place making and opportunities for integrated development to support the proposal and also create greater value and benefits for the initiative and the wider community. In the consideration, ensure the original intent of the proposal and/or the intended benefits are not lost.

Document any interactions with SA Government departments responsible for the delivery of strategies and projects relating to place, development and infrastructure that were undertaken to ensure that the proposal considers and, where possible, optimises outcomes. Extract and list any resulting requirements with respect to this section. Be as specific as possible.

Other initiatives

More than likely, the proposal will relate to or interface with other proposed or established initiatives. Of these,   
it is particularly important to capture those which are directly impacting the proposal or which the proposal is dependent on and those impacted by the proposal or dependent on it. Address how these impacts and dependencies translate into respective requirements the proposal needs to consider.

Revisit this subsection’s information provided in the Strategic Assessment. It might have listed requirements arising out of the proposal’s relation to other potential or established initiatives, guided by the following reference points:

* Initiatives that are directly related to the proposal e.g. those part of the same program
* Initiatives that the proposal interfaces with e.g. physically or through integration points
* Initiatives that are directly impacting the proposal
* Initiatives that the proposal is directly impacting
* Initiatives that the proposal is dependent on
* Initiatives that are dependent on the proposal
* Any other initiatives of relevance.

Build on the information provided in the Strategic Assessment and significantly expand on it. Consider especially impacts and integration with other government assets and services.

Where possible, analysis should go beyond listing applicable initiatives and providing general information about them. Rather, analysis should seek to identify resultant requirements of relevance to the proposal, being as specific as possible.

Critical success factors

List key technical components that are critical for proposal success and such that otherwise might be significant e.g. because they call for a particular delivery approach, method or process.

Revisit this subsection’s information provided in the Strategic Assessment. It should have listed critical success factors for the project based on a wide range of considerations by the proposal team, including key aspects from proposal benefits, outcomes and strategic alignment, as well as ideas about principles to follow, commitments to make and overriding vision.

Ensure that this information is provided and confirm that it is still valid. Expand on it as required.

It is likely that at the Strategic Assessment stage only part of this information will have been available, considering that a core proposal team will not have fully formed yet. Hence, notable additional detail may need to be provided.

Keep in mind that – by its nature – this subsection will likely be less tangible than others. However, it will require due consideration as it will inform the assessment of proposal options and will also be used to judge the success of what will ultimately be the project.

Options Development

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| --- | --- |
| This section should define the base case, identify past and potential solution options, explain the options development process, develop and narrow down the longlist of solution options and describe and refine the shortlist. This section should not assess any possible solutions, which is to happen in the following section. | |
| The main effort of preparing this section will be incurred when laying out the options development process and developing the longlist of possible solutions as part of the Options Analysis. The Business Case will reiterate and summarise what was shown in the Options Analysis and provide updates and additional information only as required. |

Base case definition

A base case is required as the starting point for the generation of any solution options as these will build on it   
and be benchmarked against it.

Fundamentally, the base case should be informed by the current state analysis and established model of service provision. It should be a realistic representation of “business as usual” and consider how to maintain existing service levels and possibly respond to forecast demand levels with established assets, systems and processes.   
In doing so, it should take a whole-of-life, whole-of-system perspective and account for any actions that will be needed in the future to ensure service is maintained at least at current levels. This includes consideration of any associated costs. It should also be aligned with current wider developments such as recent trends in customer behaviour, new relevant legislation or service price changes.

The proposal team will have to define the base case with these considerations in mind and, in doing so, will also need to ensure that it is aligned with relevant content from the Case for change section, particularly the Inaction consequences subsection.

Provide a clear definition of the base case, as developed by the proposal team in line with guidance laid out above.

Previous options

Revisit this subsection’s information provided in the Strategic Assessment. It should have listed and provided detail on previously considered solution options, drawing on as many sources as possible, including entities other than the sponsoring organisation. Previous options might have been generated as part of strategic plans, investigated as part of a feasibility study or resulted from experience with daily operations.

Restate this information, ensuring it is still valid. In the Options Analysis, this subsection should not need any changes. Provide updates and additional information only if required.

Potential initiatives

Revisit this subsection’s information provided in the Strategic Assessment. It should have identified, listed and described potential initiatives in line with current thinking. Information provided on these should have focused on key features, outputs, benefits, impacts and risks.

Restate this information, ensuring it is still valid. In the Options Analysis, this subsection is unlikely to need any changes. Provide updates and additional information only if required e.g. if a new potential solution has emerged since the Strategic Assessment was prepared.

Re-emphasise that the identified potential solutions will feed into the longlist development.

Options development process

For the generation of possible solutions, the proposal team will have to create an options development process. This could be, for instance, a methodology that first connects to an ILM, if such was prepared for the proposal.   
If so, revisit “Responses” as well as any corresponding solutions identified there before applying a more detailed set of steps, including consideration of the set of solution requirements, to validate these solutions and also come up with further options.

Ultimately, the process should be simple, logical and easy to apply. Importantly, it needs to guide the generation of solutions which produce outputs that deliver the outcomes sought.

Succinctly describe the options development process identified. List and explain all steps involved. Consider generating a visual representation of the process to aid the reader’s understanding e.g. a model/figure.

Explain how the process considers the various solution requirements identified in the respective section of this document, highlighting the link to proposal benefits, objectives and outcomes, in particular.

Longlist development

Through systematic application of the options development process and by using the base case as a starting and reference point, the proposal team should generate a longlist of solution options for the investment need identified. In doing so, the team will need to define or specify the following for each solution:

* Key solution features grouped by organisational and asset changes
* Outputs the solution is expected to deliver
* Outcomes/service impacts expected to result from the outputs delivered
* The benefits the outcomes are expected to contribute to
* The disruption the solution is likely to cause, with respect to its immediate environment, the wider system that it may be a part of and the local community and other key stakeholders
* Any possible impact to existing government assets and services and activities of other government agencies
* Key solution strengths, weaknesses, opportunities and threats, including the solution’s ability to effectively address risks associated with its implementation
* The option’s rough cost, based on an order-of-magnitude estimate.

In terms of possible solutions and with reference to the first dot-point above, it is important to cover options, strategies and investments to realise greater efficiency from existing assets, as well as new assets. In addition, consider options that concentrate on organisational changes such as organisational restructures, provision of additional team resources, business process improvements, and policy or procedure changes. In many cases, solution options may comprise both – elements relating to organisational changes as well as asset changes.

Furthermore, targeted stakeholder consultation should be considered as a possible way of informing the longlist development. This opportunity will need to be assessed on a case-by-case basis, as there will be proposals where such consultation will be critical while it might not be required at all in other situations.

Provide the longlist of solution options, as developed by the proposal team in line with the guidance laid out above. Ensure that all relevant aspects have been addressed, information is clear and consistent and its presentation is well structured. For this purpose, consider use of a table.

Discuss the role stakeholder consultation has played in identifying the list.

Options Assessment

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| --- | --- |
| This section should analyse, assess and narrow down the solution options using a wide range of factors and tools. | |
| The Strategic Assessment does not involve any options assessment activities as it focuses  on identifying the case for change (the problem/opportunity) and not on providing solutions. However, it should provide an early indication of the likely proposal value. The main effort  of preparing this section will be spread across the Options Analysis and the Business Case.  The focus of the Options Analysis will be on narrowing down the longlist of options to a shortlist, then assessing this list at a high level, before suggesting which options to explore in more detail in the Business Case. The latter will conduct an in-depth analysis of the options identified at the Options Analysis stage and recommend a preferred option for investment.  The detailed assessment will follow a triple bottom line approach, analysing the expected economic, social, environmental and financial impacts and performance of the options considered. |

Longlist to shortlist

To reduce the longlist of solution options to a manageable medium list or shortlist that can be assessed in detail, the proposal team should apply a filter process by assessing all longlist options against a set of key strategic and feasibility criteria. These should include the following:

* Degree of response to the service need identified
* Contribution to the benefits sought
* Ability to deliver on the outcomes targeted
* Alignment to strategic objectives and policies
* Alignment with requirements relating to, or resulting from, integration and place considerations, other initiatives, legal and regulatory aspects and technical considerations
* Likely degree of disruption
* Likely degree of impact to existing government assets and services and activities of other government agencies
* Impact on other matters of public interest, such as the environment, public access and equity, consumer rights, safety and security and privacy
* Key solution strengths, weaknesses, opportunities and threats, including ability to effectively address risks associated with implementation
* Rough cost, based on an order-of-magnitude estimate
* Perceived economic, social, environmental value, based on a strategic estimate
* Achievability in terms of supplier capability and capacity and degree of delivery complexity
* Alignment with the critical success factors identified.

To facilitate assessment, consider conducting a multi-criteria analysis (MCA). Such an approach can be an effective and efficient way to apply all criteria to each option, determine specific assessment scores and concisely present the individual and overall results of the analysis.

Also consider undertaking shortlisting rounds if the long list is long and the project team needs to arrive at a manageable medium list prior to determining a shortlist.

Describe the process of evaluating the longlist (and medium lists if there is a long list or it is preferred/required for the project), arriving at the shortlist of solution options. List and define the assessment criteria applied using the guidance provided above as a basis. Consider including additional criteria as required. Ensure that the process is well structured, consistent and easy to follow.

Detail the outcome of the longlist to shortlist assessment. Provide individual results for each option by criterion. Provide summary results for all options. Ensure results are defendable. Ensure the results outline why an option was not shortlisted. Identify the shortlist.

**Ensure that, as a minimum, the shortlist contains the base case and two other options. These should be the highest ranking, as per the summary results. If you are proposing only one other option (in addition to the base case), please consult with Infrastructure SA.**

**Ensure that if a budget commitment has been prematurely made, one of the options on the shortlist has been developed and is aligned to this budget commitment.**

Financial assessment

This subsection should assess the cash flow impacts of each shortlisted options by evaluating the forecast costs – both capital and operational – and any revenue.

For revenue estimation, the proposal team should identify potential sources and types of revenue for each option. The preparation of a stand-alone feasibility study should then be considered to generate strategic revenue estimates.

Similarly, a stand-alone cost estimates report would be prepared at this stage. While this would consider the order-of-magnitude estimates used in the filtering of the options longlist, it would be built on first principles. As with the revenue estimation, cost estimates would be expected to be at the strategic level at this stage.

This subsection should draw on these two reports and present relevant information in a concise, consistent and easily comprehensible form.

Approach

The financial assessment should be undertaken in accordance with Treasurer’s Instructions 17 and associated Guidelines A and B.

Outline the approach taken to conduct the financial assessment, including any assumptions and limitations. Ensure you address these in sufficient detail, clearly articulating the rationale behind all assumptions. Identify any relevant Infrastructure SA procedures/guides used, as well as feasibility studies and cost estimate reports prepared.

In your narrative, focus on overall methodology. Structure your presentation to address revenue estimation,   
then expenditure estimation. Be concise, providing details only where critical. Make use of dot-points.

Refer to supporting documentation as appropriate. Mention any independent peer reviews and their findings.

Revenue

Present a summary of revenue estimates for each shortlisted option. Structure your presentation to systematically communicate revenue by type/source e.g. from private sector investment and or co-payment, fares, user-charging, leases, asset sales, infrastructure agreements, value capture and advertising, and by timing e.g. one-off at project completion (for a long-term lease, for instance), ad hoc (e.g. for occasional hire of a particular space) or ongoing (for daily provision of a standard service, for example).

Provide a sensitivity and scenario analysis as required/appropriate at this stage.

Expenditure

Drawing on the respective report, present a summary of cost estimates for each shortlisted option. Lay out capital expenditure (“CapEx”) first, then operating expenditure (“OpEx”). Structure your presentation to address major expenditure elements as appropriate for each option. This could include, for instance, materials, construction, rehabilitation and significant property acquisition costs as part of CapEx or considerable operating costs or maintenance costs as part of OpEx.

If applicable, present any residual costs such as disposal of obsolete assets or for any restoration measures.

Present cost estimates separately for the P50 and the P90 level[[2]](#footnote-2) as required/appropriate at this stage. If P50 and P90 can’t be provided, present contingency as a percentage.

Provide a sensitivity and scenario analysis as required/appropriate at this stage.

Ensure you separately identify contingency and escalation. For the former, explain how it was determined, including any underlying identification and estimation of risk.

Overall, strive to apply as much of a lifecycle/whole-of-life/total expenditure (“TotEx”) perspective as possible (including maintenance and operating expenditures).

Cash Flow (Real)

For each shortlisted option, establish the cash flow pattern over the life of the option by comparing the preliminary/strategic estimates for revenue and expenditure with each other. Determine any resulting funding gaps and associated potential net impacts on government expenditure.

Present all information in table form as suggested below.

**Table [number]: Option [number] – Summary whole-of-life cash flow pattern (real and undiscounted)**

| Indicator | Year 0 | Year 1 | Year 2 | Year n |
| --- | --- | --- | --- | --- |
| Revenue ($) |  |  |  |  |
| Expenditure ($) |  |  |  |  |
| Net cash flow ($) |  |  |  |  |

Provide graphs to illustrate and reinforce the key capital and operating budget implications that affect the financial viability of the proposal options.

For each shortlisted option, determine the (financial) net present value (“NPV”). Specify the discount rate applied. Present all information in table form as suggested below.

**Table [number]: Net present value – options comparison**

| Indicator | Best case | Option 1 | Option 2 | Option n |
| --- | --- | --- | --- | --- |
| NPV[[3]](#footnote-3) ($) |  |  |  |  |

Assess each option’s financial viability and affordability, providing a respective summary statement.

Cash Flow (Nominal)

For each shortlisted option, establish the cash flow pattern over its life in nominal terms. Specify the approach to escalating the expenditure and revenue.

**Table [number]: Option [number] – Summary whole-of-life cash flow pattern (nominal and undiscounted)**

| Indicator | Year 0 | Year 1 | Year 2 | Year n |
| --- | --- | --- | --- | --- |
| Revenue ($) |  |  |  |  |
| Expenditure ($) |  |  |  |  |
| Net cash flow ($) |  |  |  |  |

**For each shortlisted option provide the total project cost (nominal).**

It is important that you engage with the Government of South Australia’s Department of Treasury and Finance early on in the process of developing your initiative to discuss its likely funding structure and potential impact on government spend, as well as to understanding relevant budgeting processes and timelines.

Options comparison (optional section)

Compare all options with each other with respect to their financial viability, based on relative merit. Consider presenting your findings in table form as suggested below.

**Table [number]: Financial assessment – options comparison**

| Option | Relative merit, with respect to financial viability |
| --- | --- |
| Base case |  |
| Option 1 |  |
| Option 2 |  |
| Option n |  |

Economic assessment

This subsection should identify and evaluate at a high level the potential economic impacts that are expected to arise for each of the shortlisted options.

The proposal team should complete the economic assessment before the social, environmental, sustainability, financial and economic analyses as it provides valuable input for those assessments.

Approach

Outline the approach the team has taken to conduct the economic assessment, including any assumptions and limitations.

Economic impacts

Identify and document the economic baseline for each shortlisted option. Next, identify and document any economic impacts attributable to that option, differentiating between impact of the completed proposal and impact during implementation. Apply a high-level perspective.

**Ensure there is no crossover or double counting with socio-economic impacts calculated in the social assessment.**

Where possible, try to quantify and monetise the identified impacts.

Consider capturing your findings in table form as suggested below. Use a separate table for each option.

**Table [number]: Option [number] – Identification of economic considerations and impacts**

| Aspect | Consideration of impact |
| --- | --- |
| e.g. Economic growth |  |
| e.g. Employment and job creation |  |
| e.g. Improving access to export markets |  |
| e.g. Productivity |  |
| e.g. Other positive economic externalities (value uplift) |  |

Assessment

Any economic impacts that cannot be avoided, mitigated or offset should be assessed and captured in the economic and financial analysis, as applicable. These remaining economic impacts can be divided into three assessment categories and managed accordingly, as shown in the following table.

**Table [number]: Approach to assessment of economic impacts, by category**

|  | Category | | | Assessment approach | Note |
| --- | --- | --- | --- | --- | --- |
| Qualitative | Quantified | Monetised |
| **Economic impacts** | ✔ | ✔ | ✔ | Include in cost-benefit analysis (“CBA”) | Do no repeat a monetised value in the economic assessment if it has been included in the CBA |
| ✔ | ✔ |  | Include in quantitative economic assessment | Include unit of measure |
| ✔ |  |  | Include in qualitative economic assessment | Describe impacts in detail |

Summarise the impacts in table form as suggested below. Group them in line with the guidance provided in the table above. Use a separate table for each option.

**Table [number]: Option [number] – Summary of economic impacts, by assessment approach**

| Assessment approach | Impacts |
| --- | --- |
| Inclusion in CBA | * [number/title] * [number/title] * [number/title] |
| Inclusion in quantitative economic assessment | * [number/title] * [number/title] * [number/title] |
| Inclusion in qualitative economic assessment | * [number/title] * [number/title] * [number/title] |

Where applicable, make note of any effects on benefits and any potential issues that will require consideration early on.

Update potentially impacted related documentation such as the stakeholder management plan or the risk register

Options comparison (optional section)

For each option, provide an assessment summary of the high-level economic impacts and any opportunities to create economic value. Compare all options with each other with respect to their economic value, based on   
relative merit.

Consider presenting your findings in table form as suggested below.

**Table [number]: Economic assessment – options comparison**

| Option | Relative merit, with respect to economic value | Can the impact be avoided, mitigated or offset? |
| --- | --- | --- |
| Base case |  |  |
| Option 1 |  |  |
| Option 2 |  |  |
| Option n |  |  |

Social assessment

This subsection should identify and evaluate at a high level the potential social impacts that are expected to arise for each of the shortlisted options.

The proposal team should complete the social impact evaluation (“SIE”) before the environmental, sustainability, financial and economic analyses as it provides valuable input for those assessments.

Approach

Refer to Infrastructure SA’s Social Assessment Information Sheet.

Outline the approach the team has taken to conduct the SIE, including any assumptions and limitations.

Social impacts

Identify and document the social baseline for each shortlisted option. Next, identify and document any social impacts attributable to that option, differentiating between impact of the completed proposal and impact during implementation. Apply a high-level perspective.

**Ensure there is no crossover or double counting with economic impacts calculated in the economic assessment.**

Consider socio-economic impacts in particular. Where possible, try to quantify and monetise the identified impacts.

Capture your findings in table form as suggested below. Use a separate table for each option.

**Table [number]: Social assessment – baseline and impacts**

| Stakeholder group | Baseline | Impact of proposal | Impact during implementation | Can the impact be avoided, mitigated or offset? |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |

Assessment

Any social impacts that cannot be avoided, mitigated or offset should be assessed and captured in the economic and financial analysis, as applicable. These residual social impacts can be divided into three assessment categories and managed accordingly, as shown in the following table.

**Table [number]: Approach to assessment of residual social impacts, by category**

|  | Category | | | Assessment approach | Note |
| --- | --- | --- | --- | --- | --- |
| Qualitative | Quantified | Monetised |
| **Social impacts** | ✔ | ✔ | ✔ | Include in cost-benefit analysis (“CBA”) | Do no repeat a monetised value in the social assessment if it has been included in the CBA |
| ✔ | ✔ |  | Include in quantitative social assessment | Include unit of measure |
| ✔ |  |  | Include in qualitative social assessment | Describe impacts in detail |

Summarise the residual social impacts in table form as suggested below. Group them in line with the guidance provided in the table above. Use a separate table for each option.

**Table [number]: Option [number] – Summary of residual social impacts, by assessment approach**

| Assessment approach | Impacts |
| --- | --- |
| Inclusion in CBA | * [number/title] * [number/title] * [number/title] |
| Inclusion in quantitative social assessment | * [number/title] * [number/title] * [number/title] |
| Inclusion in qualitative social assessment | * [number/title] * [number/title] * [number/title] |

Where applicable, make note of any effects on benefits and any potential issues that will require consideration early on e.g. as part of design or property acquisition planning.

Update potentially impacted related documentation such as the stakeholder management plan or the risk register.

Options comparison (optional section)

For each option, provide an assessment summary of the high-level social impacts and any opportunities to create social value. Compare all options with each other with respect to their social value, based on relative merit.

Consider presenting your findings in table form as suggested below.

**Table [number]: Social assessment – options comparison**

| Option | Relative merit, with respect to social value |
| --- | --- |
| Base case |  |
| Option 1 |  |
| Option 2 |  |
| Option n |  |

Environmental assessment

This subsection should identify and evaluate at a high level the potential environmental impacts that are expected to arise for each of the shortlisted options. This will form the basis for the identification of any resulting required action in the Business Case.

A stand-alone preliminary environmental investigation might be prepared at this stage. In this case, the subsection should draw on it and present relevant information in a concise, consistent and easily comprehensible form.

Approach

Outline the approach the team has taken to conduct the environmental assessment, including any assumptions and limitations. Identify any relevant studies considered.

Environmental impacts

Identify and categorise relevant environmental considerations and impacts for each shortlisted option.

*Refer to Infrastructure SA’s Environmental Assessment Information Sheet.*

Enter your findings and observations in a table as per the example below. For each option, complete a separate table. At the current stage, apply a high-level perspective and focus on any critical issues that may affect the viability of the option.

**Table [number]: Option [number] – Identification of environmental considerations and impacts**

| Aspect | Consideration or impact | Can the impact be avoided, mitigated or offset? |
| --- | --- | --- |
| e.g. Legislation and permit requirements |  |  |
| e.g. Planning and land use |  |  |
| e.g. Property impacts |  |  |

Assessment

Any environmental impacts that cannot be avoided, mitigated or offset should be assessed and captured in the economic and financial analysis, as applicable. These residual environmental impacts can be divided into three assessment categories and managed accordingly, as shown in the following table.

**Table [number]: Approach to assessment of residual environmental impacts, by category**

|  | Category | | | Assessment approach | Note |
| --- | --- | --- | --- | --- | --- |
| Qualitative | Quantified | Monetised |
| **Environmental impacts** | ✔ | ✔ | ✔ | Include in cost-benefit analysis (“CBA”) | Do no repeat a monetised value in the environmental assessment if it has been included in the CBA |
| ✔ | ✔ |  | Include in quantitative environmental assessment | Include unit of measure |
| ✔ |  |  | Include in qualitative environmental assessment | Describe impacts in detail |

Summarise the residual environmental impacts in table form as suggested below. Group them in line with the guidance provided in the table above. Use a separate table for each option.

**Table [number]: Option [number] – Summary of residual environmental impacts, by assessment approach**

| Assessment approach | Residual impacts |
| --- | --- |
| Inclusion in CBA | * [number/title] * [number/title] * [number/title] |
| Inclusion in quantitative environmental assessment | * [number/title] * [number/title] * [number/title] |
| Inclusion in qualitative environmental assessment | * [number/title] * [number/title] * [number/title] |

Where applicable, make note of any effects on benefits and any potential issues that will require consideration early on e.g. as part of design or property acquisition planning.

Update potentially impacted related documentation such as the stakeholder management plan or the risk register.

Options comparison (optional section)

For each option, provide an assessment summary of the high-level environmental impacts. Compare all options with each other with respect to their environmental impact.

Consider presenting your findings in table form as suggested below.

**Table [number]: Environmental assessment – options comparison**

| Option | Relative merit, with respect to environmental impact |
| --- | --- |
| Base case |  |
| Option 1 |  |
| Option 2 |  |
| Option n |  |

Sustainability assessment

This subsection should identify and assess at a high level the degree to which each shortlisted option is considered sustainable. This is to ensure that the optimisation of long-term governance, social, environmental and economic outcomes has been taken into account. Note that sustainability covers areas assessed in the Business Case and offers a different and important view on the options.

The Capital Intentions Statement process requires agencies to identify how the proposal will adapt and mitigate against global warming/climate change and support the prioritisation of infrastructure projects. This evidence may be presented in this section.

**A full sustainability assessment is optional, however it is highly encouraged by Infrastructure SA. Refer to Infrastructure SA’s Sustainability Assessment Information Sheet for further information.**

Approach

The sustainability assessment will be completed through an independent process provided by a third party.   
Please liaise with Infrastructure SA to determine the process applicable to your proposal.

Outline the approach taken to conduct the sustainability assessment, including any assumptions and limitations. Focus at a high-level, succinct summary of the methodology and assessment principles applied.

Assessment

For each shortlisted option, provide an overview of key findings from the sustainability assessment. Focus on any significant points. Highlight improvement opportunities to be considered as part of ongoing options development and refinement during the Business Case stage.

Options comparison (optional section)

For each option, provide an assessment summary indicating the overall sustainability performance, as per the assessment. Compare all options with each other with respect to their sustainability performance, based on   
relative merit.

Consider presenting your findings in table form as suggested below.

**Table [number]: Sustainability assessment – options comparison**

| Option | Relative merit, with respect to sustainability performance |
| --- | --- |
| Base case |  |
| Option 1 |  |
| Option 2 |  |
| Option n |  |

Cost-benefit analysis

This subsection should assess the economic value of each shortlisted option by evaluating at a high level the benefits it is expected to generate before comparing these with the option’s cost.

The economic analysis goes beyond just considering the direct effects, financial effects or effects on one party;   
it must consider as many impacts on the wider community as possible. In doing so, it takes into account economic, social and environmental costs and benefits, drawing on qualitative and quantitative information and analysis from the respective assessments completed earlier.

Generally speaking, at this stage parameters and inputs can/could be publicly available, the major benefits are quantified and costs might still be at a higher level.

A stand-alone high level/preliminary/rapid fire economic appraisal should be prepared as part of the Options Analysis stage, drawing on available information from analysis undertaken to date.

Relevant economic modelling and analysis should be reported in full in an accompanying report.

This subsection should draw on the economic appraisal report and present relevant information in a concise, consistent and easily comprehensible form.

Approach

The economic assessment should be undertaken in accordance with Treasurer’s Instructions 17 and associated Guidelines A and B and any additional guidance from Infrastructure SA.

Outline the approach taken to conduct the economic analysis, including any assumptions and limitations. Ensure you address these in sufficient detail, clearly articulating the rationale behind all assumptions. Identify any relevant Infrastructure SA procedures/guides used as well as any economic appraisal reports prepared.

In your narration, focus on overall methodology. Structure your presentation to address benefits and costs separately. Be concise, providing details only where critical. Make use of dot-points. Refer to supporting documentation as appropriate.

Benefits and costs

Document the economic impacts for each of the options with reference to the economic, social and environmental assessment as appropriate.

All benefits should be monetised unless it is not practical to do so. Highlight differences in quantitative and qualitative economic benefits between options.

Benefits should be grouped in key streams to the extent possible, such as avoided costs and increased productivity.

Discuss noteworthy benefits, highlighting those that are particularly significant or display a negative value   
(i.e. so-called disbenefits). Provide further background information on individual benefits where warranted.

Provide a summary of the incremental present value (“PV”) of economic benefits and costs for each shortlisted option, relative to the base case, by major benefit and cost component. Ensure you include both, direct and indirect costs e.g. road construction costs as well as costs resulting from road trauma.

Specify the discount rate applied. Present the information in table form as suggested below.

**Table [number]: Summary of total benefits and costs**

| Type of benefit | Value of benefits ($) | | | |
| --- | --- | --- | --- | --- |
| Base case | Option 1 | Option 2 | Option n |
| Benefit type 1 |  |  |  |  |
| Benefit type 2 |  |  |  |  |
| Benefit type n |  |  |  |  |
| **Total** |  |  |  |  |

| Cost component | Economic costs ($) | | | |
| --- | --- | --- | --- | --- |
| Base case | Option 1 | Option 2 | Option n |
| Cost component 1 |  |  |  |  |
| Cost component 2 |  |  |  |  |
| Cost component n |  |  |  |  |
| **Total** |  |  |  |  |

Cost-benefit analysis summary

Present the results of the cost-benefit analysis for each shortlisted option. As a minimum, include a comparison of the present value of benefits with the present value of economic costs (net costs) with the resulting (economic) net present value and benefit-cost ratio (“BCR”). Provide further indicators e.g. incremental net benefits. Specify the discount rate applied. Present all information in table form as suggested below.

**Table [number]: Economic appraisal results**

| Indicator | Base case | Option 1 | Option 2 | Option n |
| --- | --- | --- | --- | --- |
| PV benefits ($) |  |  |  |  |
| PV costs ($) |  |  |  |  |
| NPV[[4]](#footnote-4) ($) |  |  |  |  |
| BCR |  |  |  |  |
| Indicator 5, e.g. IRR (%)[[5]](#footnote-5) |  |  |  |  |
| Indicator 6 |  |  |  |  |
| Indicator n |  |  |  |  |

Present results separately for the P50 and the P90 level, if required.

Provide further background information on individual indicators where warranted. If of value, explain drivers behind noteworthy indicators.

Briefly discuss the results, highlighting which options can be considered economically viable.

Sensitivity analysis

To address risk and uncertainty in the observed cost-benefit analysis results and to demonstrate their robustness, options should be subjected to a sensitivity analysis.

Describe the sensitivity analysis undertaken. Present and briefly discuss its results, highlighting any critical deviations when compared with the results before parameter variation.

Refer the reader to the economic appraisal report for further detail.

Scenario analysis

For higher-value initiatives, it is worthwhile considering a scenario analysis to demonstrate the resilience of the observed cost-benefit analysis results in more detail.

Describe the scenario analysis undertaken. Present and briefly discuss its results, highlighting any critical deviations when compared with the results before scenario variation. Refer the reader to the economic appraisal report for further detail.

Options comparison

Compare all options with each other with respect to their cost-benefit performance, based on relative merit. Consider presenting your findings in table form as suggested below. Keep this short, as quantitative results were provided already above. Focus on a concise summarising narration.

**Table [number]: Economic performance – options comparison**

| Option | Relative merit, with respect to CBA performance |
| --- | --- |
| Base case |  |
| Option 1 |  |
| Option 2 |  |
| Option n |  |

Shortlist assessment

This subsection should assess the shortlist of solution options and identify the preferred options to be analysed in more detail in the Business Case. This might mean, for example, that from a total of five shortlisted options, two are eliminated, leaving three to be taken to the Business Case stage. Removed only those options that are notably less suitable than others to effectively and efficiently address the case for change and the resulting investment need. **As a minimum, the list of options to be analysed in the Business Case should contain the base case and two other options (or as otherwise agreed with Infrastructure SA).**

To assess the shortlist, the proposal team will have to apply qualitative and quantitative filters using key strategic and feasibility criteria, as well as the results of the series of individual technical assessments conducted earlier in this section.

Approach

Describe the process of evaluating the shortlist of solution options and arriving at the preferred options to be analysed in more detail in the Business Case.

The evaluation process should be simple, bringing together the already available results from the various individual technical assessments.

Options comparison

Present an integrated summary comparison of the shortlist of solution options by key assessment factor. Consider the most suitable form of presentation for your circumstances. The following table is an example only that displays qualitative as well as quantitative information, overlayed with a ‘heat map’ approach to help visualise results.   
It can be adapted as needed.

**Table [number]: Shortlist assessment – options comparison and ranking**

| Shortlist assessment | Base case | Option 1 | Option 2 | Option n |
| --- | --- | --- | --- | --- |
| **Strategic assessment[[6]](#footnote-6)** |  |  |  |  |
| Degree of response to the service need identified | Low | High | Medium | High |
| Contribution to the benefits and outcomes sought | Low | High | Low | High |
| Strategic alignment | Medium | High | Medium | Medium |
| Alignment with requirements relating to integration considerations | High | Low | High | Low |
| Alignment with requirements relating to other initiatives | Medium | Medium | High | High |
| Degree of addressing critical success factors | N/A | Medium | High | High |
| Degree of disruption the solution is likely to cause | N/A | Medium | Low  (i.e. positive) | High  (i.e. negative) |
| Degree of impact to existing government assets and services and activities of other government agencies | N/A | Low  (i.e. positive) | Low  (i.e. positive) | Medium |
| Impact on other matters of public interest, such as public access and equity, consumer rights, safety and security and privacy | N/A | Low  (i.e. positive) | Low  (i.e. positive) | Medium |
| Key strengths | Cost effective | Benefits match | Scalable | Simple design |
| Key weaknesses | Not future proof | Expensive | Technically complex | Physical footprint |
| Key opportunities | Use as backup | Staged delivery | Modular design | Rail connection |
| Key threats | Service breakdown | Obsolescence | Cost overrun | Enviro risks |
| Ability to effectively address risks associated with implementation | N/A | High | Low | High |
| Achievability, in terms of supplier capability and capacity, and degree of delivery complexity | N/A | Medium | Low | High |
| **Economic assessment** |  |  |  |  |
| Relative merit, with respect to economic impact | Medium | High | High | Low |
| **Social assessment[[7]](#footnote-7)** |  |  |  |  |
| Relative merit, with respect to social value | Medium | High | High | Low |
| **Environmental assessment[[8]](#footnote-8)** |  |  |  |  |
| Relative merit, with respect to environmental impact | Medium | Medium | Medium | Low |
| **Sustainability assessment[[9]](#footnote-9)** |  |  |  |  |
| Relative merit, with respect to sustainability performance | Low | Medium | High | Low |
| Relative merit, with respect to resilience | Low | High | Medium | High |
| **Financial assessment[[10]](#footnote-10)** |  |  |  |  |
| NPV[[11]](#footnote-11) ($) | -15 million | 38 million | 21 million | 43 million |
| Relative merit, with respect to financial viability | Low | High | Medium | High |
| **CBA Analysis[[12]](#footnote-12)** |  |  |  |  |
| NPV[[13]](#footnote-13) ($) | -23 million | 46 million | 29 million | 52 million |
| BCR | -0.85 | 1.95 | 0.40 | 2.20 |
| IRR (%) | 0.2 | 7.9 | 4.6 | 8.7 |
| Relative merit, with respect to economic performance | Low | High | Medium | High |
| **Outcome** |  |  |  |  |
| Ranking[[14]](#footnote-14) | 4 | 1 | 3 | 2 |

Provide additional narration where necessary or of value. This could include a summary description of the incremental benefits/advantages of the various options relative to the base case. However, strive to maintain a systematic and structured approach to results presentation.

Conduct an overall assessment of all options to determine the ranking of options, as suggested in the last row of the table above.

Briefly summarise the outcome of the shortlist assessment verbally. Ensure results are defendable.

Identify the preferred options to be analysed in more detail in the Business Case. Ensure that, as a minimum, the list contains the base case and two other options. These should be the highest ranking, as per summary results.

When determining how many options to progress to the Business Case stage, closely liaise with Infrastructure SA to ensure any minimum requirements are met.

Solution Funding

|  |  |
| --- | --- |
| This section should suggest the funding strategy for the proposal and indicate any public investment sought by the sponsoring agency. | |
| The Strategic Assessment should provide an indication of any early ideas regarding approach to funding. The Options Analysis will provide a much clearer picture in this respect, suggesting a specific funding strategy and providing a strategic-level estimate for any possible request for government funding. The Business Case will confirm and refine the information provided in the Options Analysis. |

Funding strategy

It is important to engage with the Government of South Australia’s Department of Treasury and Finance early on   
in the process of developing the initiative. This is to discuss the likely funding structure and potential impact on government spend and to understand relevant budgeting processes and timelines.

Describe the funding strategy for the proposal. At this stage, this might still be at a high level only. Nevertheless, try to provide as much detail as possible, building on the information presented in the *Financial assessment* section.

List all proposed funding sources to meet the initiative’s whole-of-life costs.[[15]](#footnote-15) Make sure you explore in detail opportunities for revenue generation and private (co-)funding. Indicate estimated amounts expected to come from each particular source. Describe any considerations with respect to the timing of funding, where relevant.

Briefly reiterate any identified funding gaps and associated potential public funding requirements and net impacts on government expenditure. Describe any progress made in discussing all aspects of funding with government.

If applicable, indicate if, how much and where funding has been reserved for the initiative already in any of the sponsoring agency’s or other government budgets.

Budget request

Provide a statement requesting the approval and release of funds to allow completion of a Business Case, progressing the proposed initiative to Gate 2 of the Infrastructure SA investment assurance framework. Specify   
the amount requested.

If this is not applicable, provide an alternative statement indicating that no budget is requested at this point in time. In that case, provide detailed information as to how progression of the initiative to Gate 2 is financed.

Delivery Strategy

|  |  |
| --- | --- |
| This section should suggest the delivery strategy for the recommended solution option and propose the procurement model. | |
| The Strategic Assessment does not involve any activities with respect to the delivery strategy  as it focusses on identifying the case for change and not on providing solutions and ways to implement them. The Options Analysis will provide a high-level discussion of possible approaches to delivery, considering no solution option has been recommended at that stage yet. Based on a narrowed field of analysed options and with a recommended solution at hand, the Business Case will suggest a specific delivery strategy and procurement model. |

Delivery considerations

At this stage, it is too early to identify a recommended delivery strategy and procurement model as several solution options are in the process of ongoing overall analysis. However, a number of relevant aspects can be discussed and related preparatory activities completed to inform the Business Case stage.

For high-value initiatives, market sounding is an important process to complete at this point in time, assisting the proposal team to develop an understanding of current market conditions, assess deliverability of the solutions being considered and determine how to suitably present the initiative to the market.

Gather and present in summarised form key information which will be of relevance when developing the detailed delivery strategy at Business Case stage. Consider and address the following aspects, as far as currently possible and applicable:

* Initiative constraints, such as available funding and existing commitments on timelines
* Key initiative risks and how they can be best addressed in terms of delivery model
* Opportunities or requirements for staging, including such for early works
* Timeframes and processes for various procurement models, as applied by the sponsoring agency, based   
  on experience.

At this stage, discussion of most of these points is likely to be at a high level only, applying to the initiative in the widest sense and not to a particular solution. However, if one or more of the solutions being analysed are likely to require non-standard approaches to delivery and procurement, then do elaborate on these, as far as possible.

Market sounding

If market sounding is appropriate for your initiative, present, discuss or summarise information on the topics listed in the following table. Replace the table guidance notes with your own findings and comments.

**Table [number]: Market sounding – considerations/findings**

| Topic | Considerations/findings |
| --- | --- |
| Market sounding objectives | Market sounding refers to the collection of activities to determine the market’s appetite for involvement with the initiative and/or to explore possible delivery solutions.  Document the objectives for market sounding. They may include:   * providing information to the market on key proposal parameters * obtaining market information, including determining risk appetite and the availability of contractors, and * acquiring feedback on matters such as initiative scope and specification, the opportunity for design and construction innovation, timelines for the bidding process and bidder selection criteria. |
| Market sounding approach | This may involve detailed desktop market sounding of trends and issues, including formal requests for information. In some cases, this will involve conducting formal market sounding processes using structured engagement with industry.  As market sounding should focus on the private sector as a whole rather than on any individual company, structured engagement requires careful consideration regarding which companies and industry groups to approach.  Planning and structuring the engagement is important to minimise the risks of providing information to companies that may give them an unfair advantage during any future procurement processes. A clear probity protocol is required to assist in managing such risks. Probity protocols should not prevent discussions with the market, but they should ensure care is exercised so no company has, or is perceived to have, received or provided information that offers them an unfair advantage in any subsequent procurement process.  Describe the market sounding approach. |
| Market feedback | Feedback typically refers to:   * delivery options and risk allocation, and * market preference on contract size and staging (work packages).   Provide a structured and concise summary of market feedback. |
| Assessment of market capability | Provide an assessment of market capability and interest, including delivery and financing options. This should include findings resulting from local market engagement during options development and analysis.  Where warranted, feedback information from this section to any risk assessments, the various subsections of the Options assessment section and ongoing options development. Consider implications for options deliverability, in particular. |

Project Management

|  |  |
| --- | --- |
| This section should describe how key project management aspects will be addressed as part of  the implementation of the project. | |
| The Strategic Assessment will discuss a few select project management aspects – those that are of particular importance for effective and efficient initiative progression and which can be meaningfully addressed at that early stage. The Options Analysis will further elaborate on these points and consider several more aspects relevant at that point in time. The Business Case will add yet another few aspects and provide full detail on all elements. |

Approach

Describe the approach to project management of the development and delivery of the initiative. Specify which project management frameworks will be applied. Mention any specific project management systems, processes and tools the sponsoring agency expects the proposal/project team to use.

List any stand-alone plans and registers relevant to project management that have been prepared as part of the Options Analysis, e.g. stakeholder management plan or risk register. Briefly describe their purpose, objectives and key content. Consider presenting this information in table form as suggested below.

**Table [number]: Project management – supporting plans and registers**

| Document | Description |
| --- | --- |
| e.g. Benefits Register | * Purpose * Objective * Key content |
| e.g. Change Management Plan | * Purpose * Objective * Key content |
| Document n | * Purpose * Objective * Key content |

Schedule and milestones

Restate this subsection’s information provided in the Strategic Assessment. Ensure it is still valid.

It should have included any basic timeline information available for the initiative at that stage.

Provide updates to this subsection and additional information as available. This should include target start and finish dates for further key project activities. Identify any new milestones. If sufficient information is available, consider presenting it visually, e.g. through use of a Gantt chart and a milestone table.

Reflect any existing timing commitments, including such made through public announcements, correctly.

Governance and assurance

Revisit this subsection’s information provided in the Strategic Assessment. It should have described key governance arrangements for the initiative, including the envisaged structure and operating regime of the team meant to develop the Options Analysis and any reporting and assurance requirements applicable at that stage.

Expand on this information and upgrade it, providing more detail on the following:

* Overall governance structure for the initiative e.g. Through a chart displaying key decision-making entities, forums and individuals, and the reporting and delegation lines between them
* Project team e.g. Through an organisational chart and a table laying out key team roles and responsibilities
* Meeting regimes e.g. Through a listing of key regular meetings, detailing their purpose and frequency
* Reporting regimes e.g. Through a listing of key regular reports, detailing their purpose and frequency
* Investment assurance requirements in line with Infrastructure SA’s respective framework.

Ensure information provided complements the *Proposal management* subsection of the *Proposal context* section.

Discuss resource planning and requirements for the Business Case stage of the initiative.

Benefits management and realisation

Restate this subsection’s information provided in the Strategic Assessment, briefly describing the approach to benefits management and realisation, highlighting key aspects of it and listing respective roles and responsibilities. Provide updates as required.

For detailed information on benefits management and realisation, refer the reader to the stand-alone *Benefits Management Plan* and the *Benefits Register* in the attachments to the Options Analysis.

Risk management

Restate this subsection’s information provided in the Strategic Assessment, briefly describing the approach to risk management[[16]](#footnote-16), highlighting any applicable frameworks and procedures to be followed and emphasising respective roles and responsibilities. Provide updates as required.

For detailed information on risks identified so far, refer the reader to the stand-alone *Risk Register* in the attachments to the Options Analysis.

Mention that a stand-alone risk management plan will be developed at Business Case stage.

Stakeholder management

Restate this subsection’s information provided in the Strategic Assessment, briefly describing the approach to stakeholder management, highlighting any established practices and procedures to be followed and emphasising respective roles and responsibilities. Provide updates as required.

For detailed information on stakeholder management, including communication and engagement, refer the reader to the stand-alone *Stakeholder Management Plan* in the attachments to the Options Analysis.

Change management

At a high level only, describe the approach to change management. Highlight respective key roles and responsibilities.

For detailed information on change management, refer the reader to the stand-alone *Change Management Plan*   
in the attachments to the Options Analysis.

Disruption management

Drawing on impact analysis from the options development and analysis, describe the approach and measures envisaged for business continuity and to mitigate the disruption the initiative is likely to cause to the immediate environment, the local community and other key stakeholders, as well as the wider system that it may be a part of. Highlight associated key risks and how they will be managed.

Information in this subsection may be presented at a high level, considering the number of solution options being discussed at this stage. The Business Case will provide more detail once a recommended solution is identified.

Environment and sustainability

Describe the approach to environmental and sustainability management of the initiative. Specify the respective frameworks will be applied. Mention any specific processes the leading/sponsoring agency expects the proposal/project team to use. Highlight key roles and responsibilities.

In most cases, a stand-alone preliminary environmental investigation would be prepared at this stage. Briefly summarise its scope, key factors considered and overall outcome. Refer the reader to the *Environmental assessment* subsection of the *Options assessment* section for details on environmental impacts identified.

Provide an overview of any mitigation measures suggested by the investigation by impact category and detail the safeguards and steps proposed to minimise any adverse environmental impacts.

For any further relevant details, refer the reader to the investigation report.

Interfaces, dependencies, constraints

Describe the approach to management of interfaces, dependencies and constraints. Highlight any established practices and procedures to be followed. Emphasise key roles and responsibilities.

List any significant interfaces, dependencies and constraints identified at this stage.

For detailed information on interfaces, dependencies and constraints, refer the reader to the stand-alone respective register in the attachments to the Options Analysis.

Project Progression

|  |  |
| --- | --- |
| This section should:   * detail the key actions required to progress the initiative to the next investment assurance gate * indicate stakeholders’ support for progression to the next gate, and * indicate the respective entity’s decision to proceed to the next gate. | |
| Each of the three points listed above should be addressed briefly in the Strategic Assessment, Options Analysis and Business Case. |

Progress to next gate

Detail the key actions required to progress the initiative to Gate 2 i.e. to complete the Business Case. This could include, among others, the following:

* Ongoing development and refinement of solution options progressed to Business Case stage
* Preparation of concept designs
* Update/refinement of modelling of solution options’ service impact
* Preparation of concept-level cost estimates and completion of risk analysis
* Preparation of an Environmental Assessment Report
* Update/refinement of initiative schedule and milestones
* Preparation of final economic appraisal
* Solution options assessment, across multiple aspects
* Recommendation of preferred option for implementation
* Development/refinement of delivery strategy and procurement model
* Preparation of Business Case document, including attachments, as required.

Stakeholder endorsement

Identify outcome owners and indicate their support for the initiative to proceed to Business Case stage.   
Consider presenting this information in a table with an endorsement sheet.

Decision to proceed

Identify the entity/governance body/position responsible for making the decision to proceed to Business Case stage and indicate its/his/her respective approval.

Attachments

Project Management Plan

The Project Management Plan is required at Business Case stage only.

Benefits Management Plan

The Benefits Management Plan is required at the Options Analysis and Business Case stages.

The purpose of the plan is to lay out the approach to the management of benefits, including their measurement,   
in order to ensure that they are realised as planned.

It is recommended that the plan considers addressing the following aspects:

* Approach to benefits management
  + Benefits identification methodology
  + Benefits monitoring
  + Benefits measurement
* Overview of benefits
  + Project benefits
  + Project disbenefits
  + Investment logic map
  + Benefits register
* Benefits realisation risks and constraints
* Benefits management roles and responsibilities.

Stakeholder Management Plan

The Stakeholder Management Plan is required at the Options Analysis and Business Case stages.

The purpose of the plan is to identify the approach to the management of stakeholders in order to facilitate effective and efficient engagement and communication with them, thus increasing the chances of successful delivery of the project.

It is recommended that the plan considers addressing the following aspects:

* Approach to stakeholder management
* Stakeholder identification and analysis
* Previous engagement
* Engagement strategy
* Communication plan and protocols
* Stakeholder risk management
* Measures of engagement and communication success.

Change Management Plan

The Change Management Plan is required at the Options Analysis and Business Case stages.

The purpose of the plan is to define how major change triggered by the project and change that the project is subject to will be managed at a high level in order to facilitate the effective and efficient delivery of the project. This excludes project scope, timeline, budget and benefit changes, which are managed through the separate change control process outlined in the Change Control Plan.

It is recommended that the Change Management Plan considers addressing the following aspects:

* Approach to change management
* Types of change affecting key user groups
* Management of change, incl. management controls applied
* Change management roles and responsibilities.

Risk Management Plan

The Risk Management Plan is required at Business Case stage only.

Change Control Plan

The Change Control Plan is required at Business Case stage only.

Industry Participation Plan

The Industry Participation Plan is required at Business Case stage only and only at a high level.

It will be developed in more detail at the Procurement stage.

Post-Implementation Review Plan

The Post-Implementation Review Plan is required at Business Case stage only.

Benefits Register

The Benefits Register is required at the Strategic Assessment, Options Analysis and Business Case stages.

The purpose of the register is to capture and present all project benefits and their key features in order to facilitate benefits management in line with the respective plan.

It is recommended that the register captures data and information on the following aspects:

* Benefit title
* Benefit description
* Project outcome benefit relates to
* Project objective benefit relates to
* Benefit owner
* Benefit realisation timeline
* Benefit category/type/classification
* Benefit measure/KPI title
* Benefit measure/KPI description
* Benefit measure/KPI data source
* Benefit measure/KPI baseline
* Benefit measure/KPI target value
* Benefit measure/KPI actual value.

Risk Register

The Risk Register is required at the Options Analysis and Business Case stages.

The purpose of the register is to capture and present all pertinent project risks (including opportunities) and their key features in order to facilitate risk management in line with the respective plan.

It is recommended that the register captures data and information on the following aspects:

* Risk category/type/classification
* Risk title
* Risk description
* Risk owner
* Risk review date
* Risk causes
* Risk consequences
* Pre-existing control risk rating
* Existing control, including control owner, control due date and control review date
* Existing control risk rating.

This can be expanded to include the following:

* Quantification of risk cost impact
* Quantification of risk schedule impact.

The risk analysis process should consider risks relating to all project areas including, but not limited to, the following:

* Benefits management
* Scope
* Social, environmental and economic impacts
* Sustainability
* Design
* Planning and approvals
* Funding
* Property acquisition
* Procurement
* Market receptiveness
* Utility relocation and adjustments
* Construction
* Stakeholder management
* Change management
* Project management.

Interfaces and Dependencies Register

The Interfaces and Dependencies Register is required at the Options Analysis and Business Case stages.

The purpose of the register is to capture and present all pertinent project interfaces and dependencies and their key features in order to effectively and efficiently manage all related aspects affecting project delivery.

It is recommended that the register captures data and information on the following aspects:

* Interface/dependency title
* Interface/dependency description
* Possible impact of interface/dependency on project
* Current status of interface/dependency
* Actions to manage interface/dependency and its possible impact on project
* Interface/dependency point of contact.

The Interfaces and Dependencies Register can be modified to also include assumptions and risks. This approach would remove the need for a separate risk register. It might be suitable for smaller projects.

1. Strategic Assessment; Business Case [↑](#footnote-ref-1)
2. P50 and P90 represent confidence levels that indicate the probability (i.e. 50% and 90%, respectively) that the total initiative costs will not exceed a given estimate. [↑](#footnote-ref-2)
3. financial (not economic) NPV [↑](#footnote-ref-3)
4. economic (not financial) NPV [↑](#footnote-ref-4)
5. internal rate of return [↑](#footnote-ref-5)
6. For the strategic assessment, draw on select findings and outcomes from the longlist-to-shortlist assessment. [↑](#footnote-ref-6)
7. For the social assessment, draw on the *Options comparison* subsection of the *Social assessment* section. [↑](#footnote-ref-7)
8. For the environmental assessment, draw on the *Options comparison* subsection of the *Environmental assessment* section. [↑](#footnote-ref-8)
9. For the sustainability assessment, draw on the *Options comparison* subsection of the *Sustainability assessment* section. [↑](#footnote-ref-9)
10. For the financial assessment, draw on the *Financial assessment* section. [↑](#footnote-ref-10)
11. Financial (not economic) NPV. [↑](#footnote-ref-11)
12. For the economic assessment, draw on the *Cost-benefit analysis* and the *Options comparison* subsections of the *Economic assessment* section. [↑](#footnote-ref-12)
13. Economic (not financial) NPV. [↑](#footnote-ref-13)
14. With “1” being the highest rank. [↑](#footnote-ref-14)
15. Seek confirmation whether this should be based on a P50 or a P90 outturn cost estimate. [↑](#footnote-ref-15)
16. to include threats and opportunities [↑](#footnote-ref-16)