Capital Intentions Statement
Framework

September 2022

Contents

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.

Figure 1: Infrastructure SA core functions

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.

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 (*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.

Context and Purpose

Government and the agencies responsible for delivering infrastructure projects operate within an environment of discrete policies, frameworks, processes and requirements to achieve outcomes that benefit the State and deliver on legislative or strategic priorities. The CIS aligns closely and acts as a guide in the development of compliant, informed initiatives that contain sufficient evidence and clarity to convey the necessary level of understanding of the proposal and the evaluation undertaken as part of the initiative identification process.

As part of ISA's ongoing role in advancing best practice approaches for decision making and project delivery, this framework builds upon the existing body of knowledge within both ISA and other infrastructure bodies such as Infrastructure Australia (IA) and the national network of "i-bodies" within each State and Territory. An additional benefit of the CIS approach is alignment with the IA Infrastructure Priority List (IPL) process as shown in Figure 2 below. It is intended that initiatives that meet the national significance test with IA will be able to leverage the CIS registration process to seek inclusion on the IPL with maximum efficiency and minimal duplication.
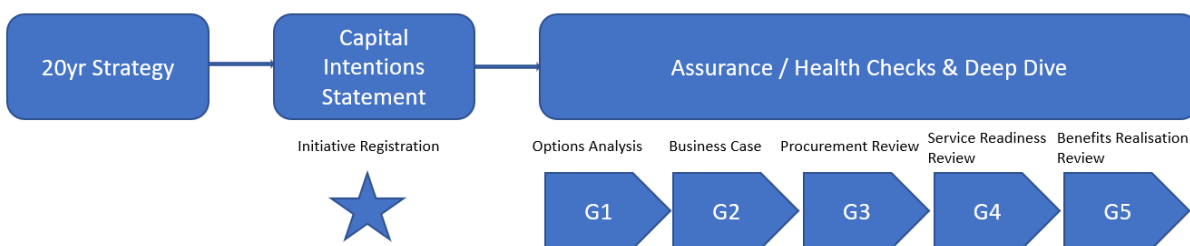

Figure 2: Infrastructure SA functional processes

The purpose of this Framework and the CIS process is to ensure that South Australia identifies a strong pipeline of infrastructure projects that appropriately address the risks and opportunities that face the State and contribute to our economic, social and environmental prosperity in the near-term (subsequent 1–5 years). The CIS operates in conjunction with the 20-Year Infrastructure Strategy through the identification and prioritisation of initiatives that merit consideration for investment. It also ensures initiatives are developed upon best practice approaches and with sufficient information to enable them to progress subject to any investment decision to the next stages of the project lifecycle with confidence.

Capital Intentions Statement Framework

The CIS Framework sets out the different types of outcomes 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 has been broken down into discrete stages for clarity as per Figure 3 below and expanded upon within this Framework to guide and inform users of the process in a clear and structured manner whilst seeking to avoid duplication and add value to the development of initiatives that address identified risks or opportunities that require an infrastructure response as part of an informed investment decision.
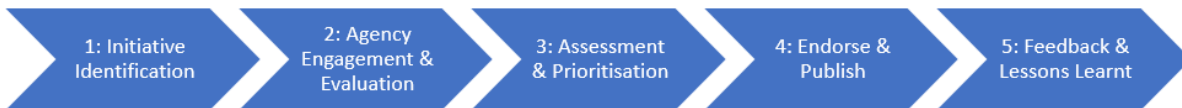

Figure 3: Capital Intentions Statement Framework steps

The CIS is published annually. ISA's role is to manage and coordinate across Government the identification and registration with ISA of unfunded initiatives on an ongoing basis. An indicative cycle for development and finalisation of the annual CIS is as follows (subject to change which will be communicated in advance to all identified stakeholders):

Sept–Dec: ISA undertakes a call for initiatives across Government and works with agencies to support completion of compliant templates and supporting evidence (Steps 1 and 2).

Jan–Feb: ISA undertakes detailed assessment of all received proposals, performs prioritisation in accordance with ISA requirements and this Framework and prepares its recommendations in accordance with the Act, as well as update and report on prior CIS recommendations.

Mar–Apr: ISA will finalise and publish the CIS and undertake detailed feedback with all submitters. Lessons learnt will be shared in readiness for commencement of the next CIS.

Step 1: Initiative identification

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 Registration 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 Registration Template has been designed to reflect the evaluation criteria being considered as part of the CIS, as well as align with ISA's project justification templates to assist agencies in providing the analysis and evidence required to support initiatives through the prioritisation process. The template is structured 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.

Registering initiatives with ISA

The Initiative Registration Template has been designed to enable agencies to provide ISA with a consistent and detailed view of initiatives being put forward for consideration as part of an annual review of the CIS. Agency submissions through the Initiative Registration Template should give ISA a solid understanding of the proposed initiative and include any relevant information that agencies may wish to provide in support of their initiative. The Initiative Registration Template will also be relied upon by ISA in undertaking its assessment of the proposed initiative.

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 Registration 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 Registration Template should be commensurate with the complexity and scope of the initiative, and its progression through ISA's Assurance Framework, 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, 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 ISA previously).

Step 2: Agency engagement & evaluation

ISA's approach to developing the CIS continues to evolve over time as agencies become more experienced and accustomed to the various infrastructure planning frameworks and requirements being introduced. 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 multiple aspects involved in infrastructure needs identification, planning, justification and prioritisation through the development of submissions for the CIS, including for example:

- guidance in 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 options for meeting these needs, and the preparation of formal business cases for delivering the projects capable of meeting identified needs, and

- initial assessment of infrastructure project proposals, drawing on existing evidence and knowledge, and additional support or recommendations from ISA to assist high quality submissions and thorough evaluation of strategic alignment, problem definition and the response to identified risks or opportunities.

ISA is available and able to support agencies at the initiation stage in identifying best practice approaches to ensure robust, compliant submissions for consideration.

Step 3: Assessment and prioritisation

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

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 and to the State. ISA adopts an objective, consistent and balanced approach in prioritisation to ensure confidence in the process and outcomes recommended.

Prioritisation is undertaken using multi-criteria analysis (MCA), a proven methodology that has been tailored specifically by ISA for the development of the CIS. 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 outcomes have been taken from ISA's establishing legislation, as well as the objectives set out in various policy and strategy documents (including the 20-Year State Infrastructure Strategy). They are reviewed annually prior to each CIS assessment cycle.

Five key assessment criteria have been defined to reflect the types of outcomes to be achieved across the full infrastructure spectrum. These assessment criteria are listed in Table 1 below, including guidance on the detailed MCA criteria to be addressed and evaluated for any given initiative (noting not all initiatives will be able to directly address all identified items). The Initiative Registration Template provides specific guidance to agencies in preparing their response across all criterion.

Table 1: Multi-criteria analysis guidance

Assessment criteria	MCA criterion guidance
Strategic	- Case for change (address specific need, problem or opportunity) - Alignment of strategic position - Supporting other initiatives and activities
Economic + Financial	- Supporting economic growth - Supporting employment and job creation - Improving productivity - Unlocking co-investment - Improving affordability over time
Environmental	- Adapting to climate change (reducing (CO_2 emissions) - Improving resilience - Contributing to improved environmental outcomes - Supporting amenity value
Social	- Quality of life - Achieving equitable outcomes - Improving health outcomes - Improving community safety - Improving liveability
Deliverability	- Governance - Capability and capacity - Risk and issues management - Resources and procurement management - Timing and program management - Budget management - Stakeholder management

In addition, the ISA Act stipulates the CIS may include the following:

(a) the reasons for selecting the major infrastructure projects as priority projects;

(b) the estimated cost of the priority projects;

(c) the recommended funding and delivery arrangements for the priority projects;

(d) the estimated timeframe for the delivery of the priority projects.

A weighting is allocated to each of the assessment criteria reflecting its relative importance to the CIS, with the sum of these weightings totalling 100. These criteria, and the weightings allocated to them, are re-evaluated by ISA between review cycles and applied consistently. A secondary level of criteria (MCA criteria) are established to inform a detailed understanding and evaluation of each initiative against discrete key criteria. This standardised assessment process will enable ISA to take a consistent, objective approach to assessing, scoring and prioritising initiatives.

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

- Does the submission address the substance of the main 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?

ISA further validates the recommended priorities through performing sensitivity analysis through the MCA process to provide confidence in the priorities identified.

Step 4: Endorse and Publish

In accordance with the ISA Act, upon completion of the prioritisation process, the CIS will seek endorsement from the ISA Board prior to submission to Government. The Act stipulates:

(1) *The Minister must consider a Statement of Capital Intentions submitted by Infrastructure SA and adopt the Statement, with or without amendments, or refer it back to Infrastructure SA for further consideration.*

(2) *The Minister—*

   a. *must notify Infrastructure SA of the Minister's decision; and*

   b. *must make the adopted Statement publicly available within 14 days of its adoption by ensuring that it is published on Infrastructure SA's website.*

(3) *If the Minister makes an amendment to the Statement before it is adopted by the Minister, Infrastructure SA may advise the Minister that it does not agree with the amendment and make that advice available to the public.*

The CIS is published at infrastructure.sa.gov.au

Step 5: Feedback and Lessons Learnt

Once the CIS is published, ISA will provide feedback for all submitting agencies to clarify the basis for inclusion/ non-inclusion in the current CIS. Providing clear feedback will ensure that continuous improvement and lessons learnt can be incorporated into future initiatives and agency development of business cases and progression of projects.

Non-inclusion on the current CIS does not imply that an initiative is not to be progressed through "business as usual" processes. The CIS is a statement based upon the requirements of the Act and a recommendation of a priority list of infrastructure projects that, if progressed, are best placed to achieve the outcomes identified in the Act and respond to the strategic imperatives and challenges confronting South Australia at the time of publication. The CIS is an annual publication and evolves over time in response to these factors and initiatives may be considered in future versions following additional development by agencies or changes in the strategic environment year to year.