Business Case Development Framework

Release 3.1





The Department of State Development and Infrastructure connects industries, businesses, communities and government (at all levels) to leverage regions' strengths to generate sustainable and enduring economic growth that supports well-planned, inclusive and resilient communities.

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CONTRIBUTORS

The following resources have been used as references in the development of this guide:

- Victorian Department of Treasury and Finance: Infrastructure investment, investment lifecycle and high-value, high-risk guidelines
- Infrastructure Australia: Assessment Framework
- NSW Treasury: The NSW Government Business Case Guidelines

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1. Purpose

The purpose of this overview document is to provide a high-level summary of the Business Case Development Framework (BCDF).

The Queensland Government uses business cases to inform infrastructure investment decisions that affect Queensland's economic and social domain. To make good decisions, the government needs quality proposals, well-developed business case documentation, and transparent and robust assessment processes.

The BCDF gives detailed guidance on what a business case analysis should contain in order to:

- » support government agencies developing infrastructure business cases
- » align with best practice and meet state and Commonwealth requirements e.g. the Queensland Government's Project Assessment Framework (PAF), Infrastructure Australia's Assessment Framework, and OGC Gateway™ Process (Gateway) assurance activities¹
- » allow government to assess business cases consistently and compare investment opportunities.

The framework guides business case investment proposal through three stages:

- » Stage 1: Strategic Assessment—conception
- » Stage 2: Options Analysis—generating and analysing options
- » Stage 3: Detailed Business Case—detailed analysis of the preferred option/s.

The framework also gives supplementary guidance, which is outlined in the following guides:

- » The Cost Benefit Analysis (CBA) Guide provides a systematic approach to informing an investment decision through robust and transparent analysis of costs and benefits, and assess economic viability.
- » The Benefits Management (BM) Guide provides a directed end-to-end process of identifying, defining, measuring, evaluating and reporting benefits. Its purpose is to help determine whether an initiative has achieved its intended outcomes and objectives once it is delivered.
- » The Investment Logic Mapping (ILM) Guide provides a stepped approach to identifying and mapping service needs and benefits sought, and developing potential initiatives that address the service need.
- » The Stakeholder Engagement (SE) Guide provides a detailed lifecycle approach to engaging stakeholders to support the development and implementation of communications and engagement activities.
- » The Social Impact Evaluation (SIE) Guide provides clarity around the relationship between social impacts, risks and benefits including additional elements of the business case.

The framework stages are outlined in Figure 1, which illustrates how a business case progresses. It highlights the purpose, considerations and outcomes at each stage. This diagram also appears in each of the stage guides to help users navigate the framework.

¹ In 2001, the United Kingdom's Office of Government Commerce (OGC) developed and implemented the OGC Gateway[™] Process (Gateway) for application across major government programs and projects. The Queensland Government has endorsed the use of Gateway for major infrastructure programs and projects.

OVERVIEW

PURPOSE

KEY ELEMENTS

-URTHER GUIDANCE OUTCOMES

Investment Logic Mapping Guide

Identification of service need and

potential longlist of options.

Benefits Management Guide

Stakeholder Engagement Guide

STAGE 2:
Options Analysis

Business Case Development Framework Overview (document)

STAGE 1:

Strategic Assessment

To identify potential ideas

that could resolve the issues

or develop the opportunity.

Evaluate whether any of the

The evaluation will help shape

the service need and base case.

Hold workshop/s to generate

of these ideas against a set of

relevant criteria to determine

viable outcomes to either

the opportunity.

resolve the issue or develop

if any could potentially achieve

ideas followed by an evaluation

ideas have the potential to

be viable options.

To narrow the breadth of options by applying rigorous evaluation criteria before assessing the viability of any remaining options.

Building on the work of the previous stage.

The evaluation will involve developing stringent criteria and applying appropriate (optimisation) techniques to narrow the options. Any remaining options are then subjected to a rigorous detailed evaluation of the potential viability using socio-economic, environmental, financial and sustainability analysis and then ranked accordingly.

Updated service need and preferred option/s supported by robust analysis.

STAGE 3: Detailed Business Case

To evaluate the viability of the highest ranked option/s with surety of outcomes across all evaluation criteria and develop investment implementation plans.

Building on the work of the previous stage.

The evaluation will involve a comprehensive assessment across all criteria (socio-economic, environmental, financial and sustainability) using in-depth evaluation tools to develop conclusive evidence of investment viability (or otherwise) and certainty of expected outcomes.

Development of detailed implementation documents covering governance, risk, procurement (where appropriate), contractual terms and operations.

A business case is produced which provides clear, comprehensive evidence for decision-makers.

Cost Benefit Analysis Guide

Social Impact Evaluation Guide

Figure 1: Business Case Development Framework

2. Principles

The Queensland Government supports a robust, principles-based approach to developing business cases for investment. The approach encourages collaboration between stakeholders to develop clear, concise and evidence-based investment proposals.

The principles-based approach considers the business case framework methodology and applies the principles that every business case is unique, consistent yet flexible, and can adapt to the scale and complexity of a proposal (refer Figure 2).

POLICY CONTEXT

The Queensland Government is committed to delivering efficient and effective public services through strong people-focused principles and strategic service drivers.

This vision is supported by government's commitment to continuously improve public sector accountability and advance Queensland through innovative service delivery. This will ensure the right infrastructure is delivered in the right place at the right time to meet current and emerging needs.

WHAT IS A BUSINESS CASE?

A business case is a documented value proposal. It aligns with key government strategic objectives and is considered the core management and assurance tool to inform investment decisions that maximise value for taxpayer dollars and benefits for Queenslanders.

The objective of developing a robust, service-need-centric business case is to ensure resource allocation and decisions are well timed, deliver value-for-money, and are fit for purpose. Risks should be appropriately considered and managed to ensure investments are consistent with government priorities and objectives.

A well developed business case provides transparency of analysis to support investment decisions.

WHAT IS THE BUSINESS CASE DEVELOPMENT FRAMEWORK?

The Business Case Development Framework provides fit-for-purpose guidance in recognition of the different needs, assumptions and considerations for analysis across infrastructure investment proposals.

Figure 2: Business Case Development Framework principles

PRINCIPLES FOR BUSINESS CASE DEVELOPMENT

CONSIDERATIONS	QUESTIONS
Investment	» Have non-built solutions been considered?
	» What evidence will the analysis add to substantiate the case for investment?
Decision	» Does the proposal include all the necessary analysis to inform the decision-maker?
Credibility	 Has the analysis been informed by contemporary and reliable information?
	» Are considerations and assumptions clearly articulated?
Transparent	» Has the information been prepared without bias and has consideration been given to managing risks and benefits?
Comparability	» Does the assessment support comparison to other infrastructure proposals?
Accountability	 » Does the proposal clearly identify a single point of ownership for: > sponsorship? > planning and development? > engagement of stakeholders? > risk and benefits management?

2.1 Business case attributes

A solid, well-founded business case has several key attributes. These attributes are consistent across agencies and proposals as summarised in Table 1.

Table 1: Key business case attributes

	ATTRIBUTE	DESCRIPTION
Focus	Service need driven	Address a clearly defined and articulated service and/or business need in your investment proposals.
	Benefits driven	Ensure the achievement of benefits is the primary goal underpinning the investment design and business case analysis.
	Evidence based	Support any advice to decision-makers with transparent and robust analysis, data and information.
Approach	Robust	Use a precise analytical approach in the evaluation of the business case to ensure the outcomes are valid and reliable.
	Risk focused	Consider risk throughout the development of the proposal and include details of how you propose to manage the identified risks.
	Life cycle	Develop investment proposals with a whole-of-life, whole-of-system view, including a focus on sustainability and resilience.
	Fit for purpose	Ensure the extent of the business case evaluation and the level of detail reflects the context, service need, scale and complexity of the proposal.
Alignment	Holistic	Reference the broader environment/system the proposal is a part of, and show how it will integrate with that to maximise benefits.
	Stakeholder engagement	Stakeholder views and level of impact are a critical factor in establishing the service need and potential demand. Consider stakeholders' expectations and needs when evaluating solutions.
	Strategically aligned	Align your investment proposal to agency, state, federal, regional and local priorities where appropriate, and explain how it contributes to those strategic outcomes.
	Net benefit	Explain how the investment will deliver a net benefit to Queensland and align with the Queensland Government's policy priorities and strategic agenda.

3 Business Case Development Framework

The foundation for the BCDF is the Queensland Government's Project Assessment Framework (PAF).

The alignment between the two frameworks is shown in Figure 3.



3.1 Broader environment

The BCDF has been developed to support and integrate with frameworks and infrastructure investment systems at both state and federal levels.

Key frameworks the BCDF currently integrates with are outlined in Table 2.

Table 2: BCDF and the broader policy environment

GUIDELINE, POLICY OR FRAMEWORK	DESCRIPTION OF INTEGRATION
Government's Project Assessment Framework (PAF)	The BCDF aligns with the PAF.
Financial and Performance Management Standard (FPMS)	The FPMS requires departments and statutory bodies to be aware of requirements of the Project Assessment Framework.
	Section 18(4) requires accountable officers and statutory bodies to have regard to the PAF when preparing asset evaluations.
Infrastructure Australia's (IA) Assessment Framework	IA is an independent statutory body with a mandate to prioritise and progress nationally significant infrastructure.
	IA's Assessment Framework sets out the approach used to identify potential infrastructure solutions that address nationally significant infrastructure challenges and opportunities for inclusion in the IA Infrastructure Priority List.
	The BCDF supports investment proposals that seek IA involvement by broadly aligning to IA's Assessment Framework.
Queensland State Infrastructure strategy (SIS) and Regional Infrastructure Plans (RIPs)	The SIS outlines the strategic direction for the planning, investment and delivery of infrastructure in Queensland.
	The SIS and supporting RIPs identify what the government ultimately wants from its infrastructure and how this can best be achieved. Importantly, it is designed to provide confidence and certainty to business, industry and the community by taking a place-based approach ensuring regionally significant infrastructure needs are considered and prioritised.
	The BCDF supports the alignment of investment proposals and business cases with the SIS's options assessment and options alignment processes.
Other frameworks and	The BCDF incorporates other processes including:
coordination activities	» Gateway Reviews, Queensland Treasury
	» Gate Reviews, Queensland Government Chief Information Office.
	The BCDF is designed to integrate effectively with the existing systems and processes of government agencies and government-owned corporations to ensure investment proposals and business cases are developed effectively and administrative burden is minimised.

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