

INFRASTRUCTURE PROPOSAL DEVELOPMENT POLICY

Effective from 2 June 2021

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1. Purpose

This document outlines the Queensland Government's Infrastructure Proposal Development Policy (the Policy) and defines the required approach to the assessment and assurance of infrastructure proposals. It is intended to support and complement the guidance provided by the Queensland Government's Project Assessment Framework (PAF).

2. Focus

Investing in the right infrastructure at the right time underpins economic growth and social outcomes, supports jobs and creates long-term prosperity for all Queenslanders.

This Policy is focused on ensuring a consistent and rigorous approach to infrastructure proposal development. This is critical to ensuring government can have confidence in the analysis and evidence used in investment decisions, and that the proposed investments will deliver positive outcomes by addressing a clearly defined problem and/or opportunity.

In defining the problem and/or opportunity – and the possible solutions – infrastructure proposals must consider whole-of-government economic, social and environmental priorities, as well as changing regional and sectoral needs. As government capability matures, infrastructure decisions will shift from traditional agency-by-agency approaches to more comprehensive and coordinated system-wide approaches.

A system view, rather than only an agency view, of investment proposals at the early stages of development further enables coordinated decision making across government. It also ensures that agency infrastructure plans align with whole-of-government service delivery objectives, priorities and strategies, including those set out in the *State Infrastructure Strategy* and *Regional Infrastructure Plans*. This Policy responds to these needs and relates to the planning and assessment stages of the infrastructure lifecycle.

3. Policy objectives

The specific objectives of this Policy are to:

- align agency infrastructure programs with whole-of-government objectives to maximise outcomes for the State rather than focusing solely on individual agency priorities
- support agencies to mature their infrastructure planning and assessment capabilities
- provide an avenue for targeted, independent assistance and assurance advice to agencies on major infrastructure proposal development, particularly during early-stage infrastructure assessment before proposals are committed or announced
- ensure contemporary business case development frameworks and assurance frameworks and related systems are in place and applied so that the government has confidence in its investment decisions.

In achieving these objectives, this Policy aims to support the Queensland Government to:

- plan infrastructure that achieves whole-of-government priorities and coordination across infrastructure sectors (e.g. education, health, justice, transport, water)
- assess infrastructure proposals based on consistent high-quality, transparent and robust analysis
- confidently make investment decisions and prioritise infrastructure investments based on a consistent approach to infrastructure proposal development
- invest in the right infrastructure at the right time to underpin economic growth and social outcomes, support jobs and create long-term prosperity for all Queenslanders.

4. Application of this Policy

This Policy applies to major infrastructure proposal planning and assessment undertaken by any Queensland Government agency, except where specific exclusions are noted.

For the purposes of this Policy, the term 'Agency' is used generically to refer to entities as defined in the *Financial Accountability Handbook Volume 1, Information Sheet 1.4 Entity Types*, including:

- departments and statutory bodies: departments, public service offices, statutory bodies (including Hospital and Health Services), statutory authorities and corporation sole
- other entities: other entities within the Queensland public sector including government-owned corporations (GOCs), joint ventures, proprietary limited companies (special purpose vehicles) and controlled entities of other entities, which have financial management and reporting requirements stipulated under specific legislative requirements, such as the *Corporations Act 2001*.

4.1. Exclusions

This Policy does not apply to:

- proposals that primarily relate to potential investments in digital and Information and Communication Technology, as these proposals are covered by other investment assessment and assurance frameworks
- proposals that are prepared by GOCs from the energy sector, including but not limited to Powerlink, Energy Queensland and any energy generators, as the sector is subject to existing market and regulatory arrangements for proposed investments
- proposals prepared by other entities including GOCs, Queensland Rail Transit Authority (or a subsidiary of the authority) and Queensland Bulk Water Supply Authority (Seqwater) where the proposals are a commercial opportunity funded by the business, fully funded through user charges, or not likely to require a Queensland Government contribution of \$100 million or more. These businesses are captured under the GOC Investment Guidelines Policy, whereby they are required to obtain formal approval of any proposed significant investments from their respective shareholding/responsible Ministers.
- proposals prepared by Stadiums Queensland that are not likely to require a significant Queensland Government contribution
- Proposals for road transport infrastructure, other than a toll road, that has an estimated capital cost of \$500 million or less exclusive of GST.

This Policy does not apply to proposals determined to be excluded by the Minister for Infrastructure, having regard to the characteristics of the proposal and the proposal owner and any recommendations from the Infrastructure Proposal Development Advisory Committee (referenced at 6.2.5).

4.2. Thresholds

Application of this Policy includes the following thresholds.

4.2.1 Strategic capital planning

Strategic capital plans for infrastructure proposals likely to require a capital investment greater than \$50 million.

4.2.2 Proposal assessment and assurance

Unless otherwise exempt or an exemption has been provided by the Minister for Infrastructure, agencies are:

- required to apply the Business Case Development Framework (BCDF) and Infrastructure Proposal Assurance Framework to Stage 2: Options Analysis and Stage 3: Detailed Business Case to infrastructure proposals with an estimated capital cost of \$100 million or more exclusive of GST; and

- encouraged to apply the BCDF and Assurance Framework to infrastructure proposals with an estimated capital cost of more than \$50 million (but less than \$100 million) exclusive of GST.

The BCDF is scalable and can be applied to all infrastructure proposals. Agencies should consult with the Department of State Development, Infrastructure, Local Government and Planning (DSDILGP) on the application of the BCDF (including approaches to scalability) related to the delivery of infrastructure proposals.

Specific fit-for-purpose arrangements may also be negotiated and enacted for agencies to recognise the different needs and considerations for business case analysis across asset classes and organisations.

4.2.3 Capability development

No thresholds apply.

5. Infrastructure planning and project environment

5.1. Infrastructure development

The infrastructure lifecycle can generally be characterised across four phases:

1. **Planning:** identifying future service needs based on clearly defined problems and/or opportunities
2. **Assessment:** developing infrastructure options, including through to an investment decision at the conclusion of this stage
3. **Delivery:** procuring and constructing infrastructure solutions
4. **Operation:** operating and maintaining the infrastructure through its in-service life and withdrawing from service or managing transition to replacement.

The Queensland Government has various frameworks, policies, and guidelines to assist in the delivery of projects. The PAF is the primary project assessment framework in Queensland and provides tools and techniques to assess projects throughout the project lifecycle, from the strategic assessment of service requirements to delivery and benefits realisation.

5.2. The Infrastructure Proposal Development Policy

This Policy focuses on the first two phases within the infrastructure lifecycle to the point of an investment decision. To support the government with these phases, this Policy comprises three core elements: strategic capital planning, proposal assessment and assurance, and overall capability development as identified in **Figure 1**.

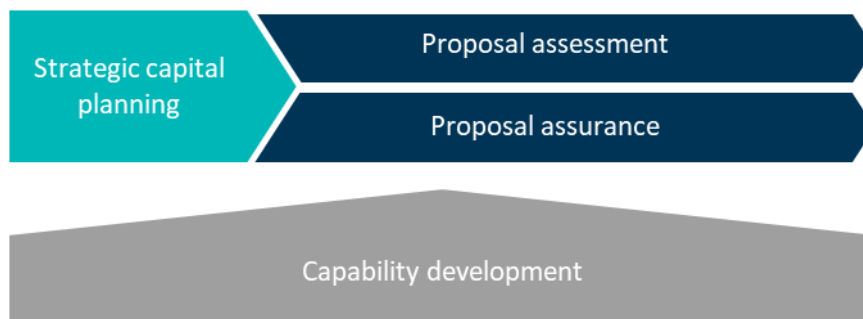


Figure 1: Core components of this Policy

NOTE. Further advice on each of these elements is provided in Section 6.3 of this Policy.

This Policy builds on requirements of the PAF, supporting and complementing its obligations and guidance as they relate to the development of major infrastructure proposals.

The key strategic capital planning and proposal assessment frameworks underpinning the Policy include the Strategic Assessment Management Framework, the BCDF, and the Infrastructure Proposal Assurance Framework. Each provide guidance and tools on how to plan and develop infrastructure proposals. Further detail on relevant requirements is provided in section 6.3.2.

The alignment between the PAF and the Policy is illustrated in **Figure 2**.

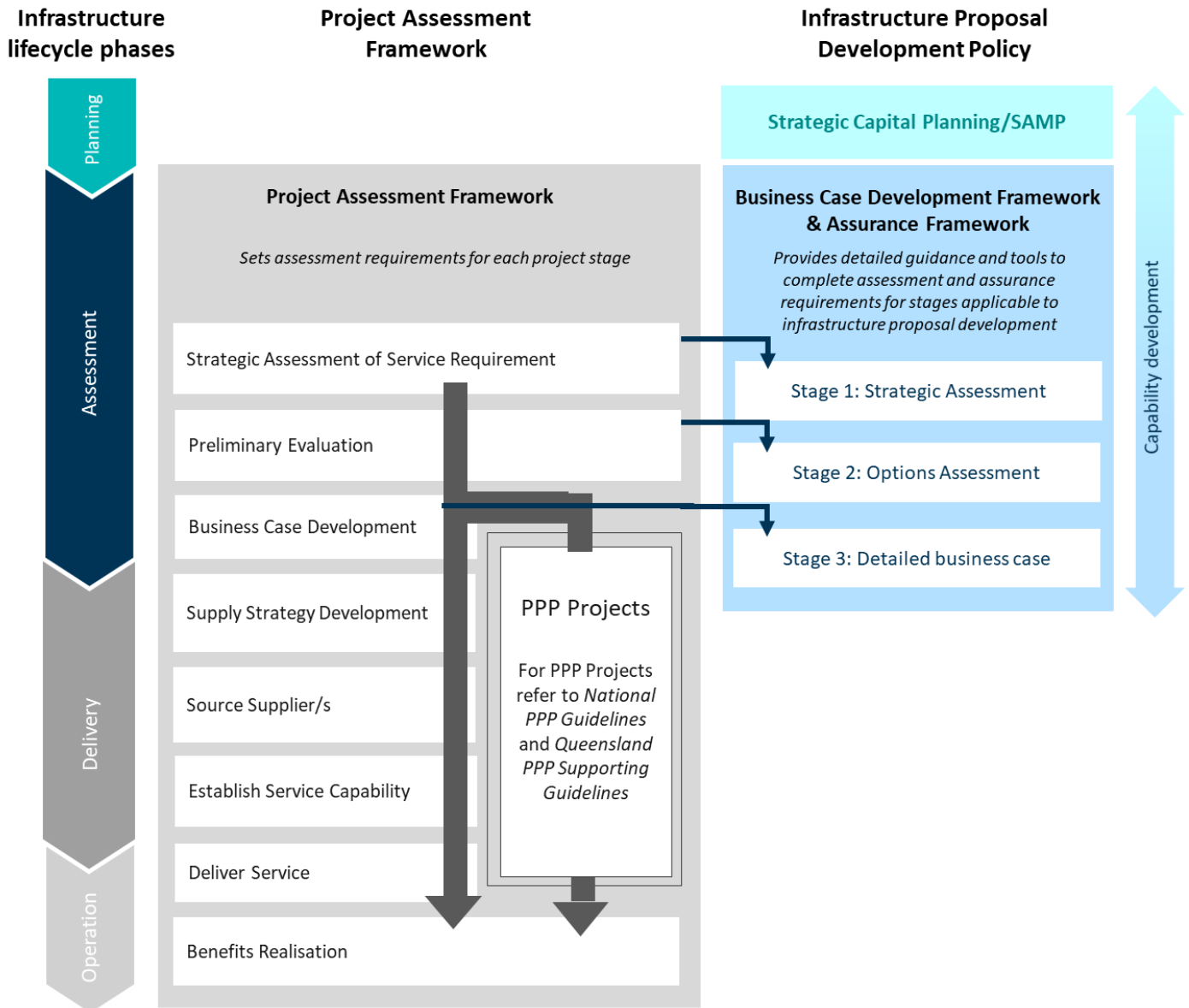


Figure 2: Infrastructure Proposal Development Policy alignment to the PAF

6. Policy requirements

6.1. Process

A high-level process flow of proposal assessment and assurance by responsible agencies, supported by DSDILGP, the Department of the Premier and Cabinet (DPC) and Queensland Treasury is illustrated in Figure 3. Detail on the roles and responsibilities illustrated in this process flow for agencies, DSDILGP and DPC and Queensland Treasury are described in 6.2.

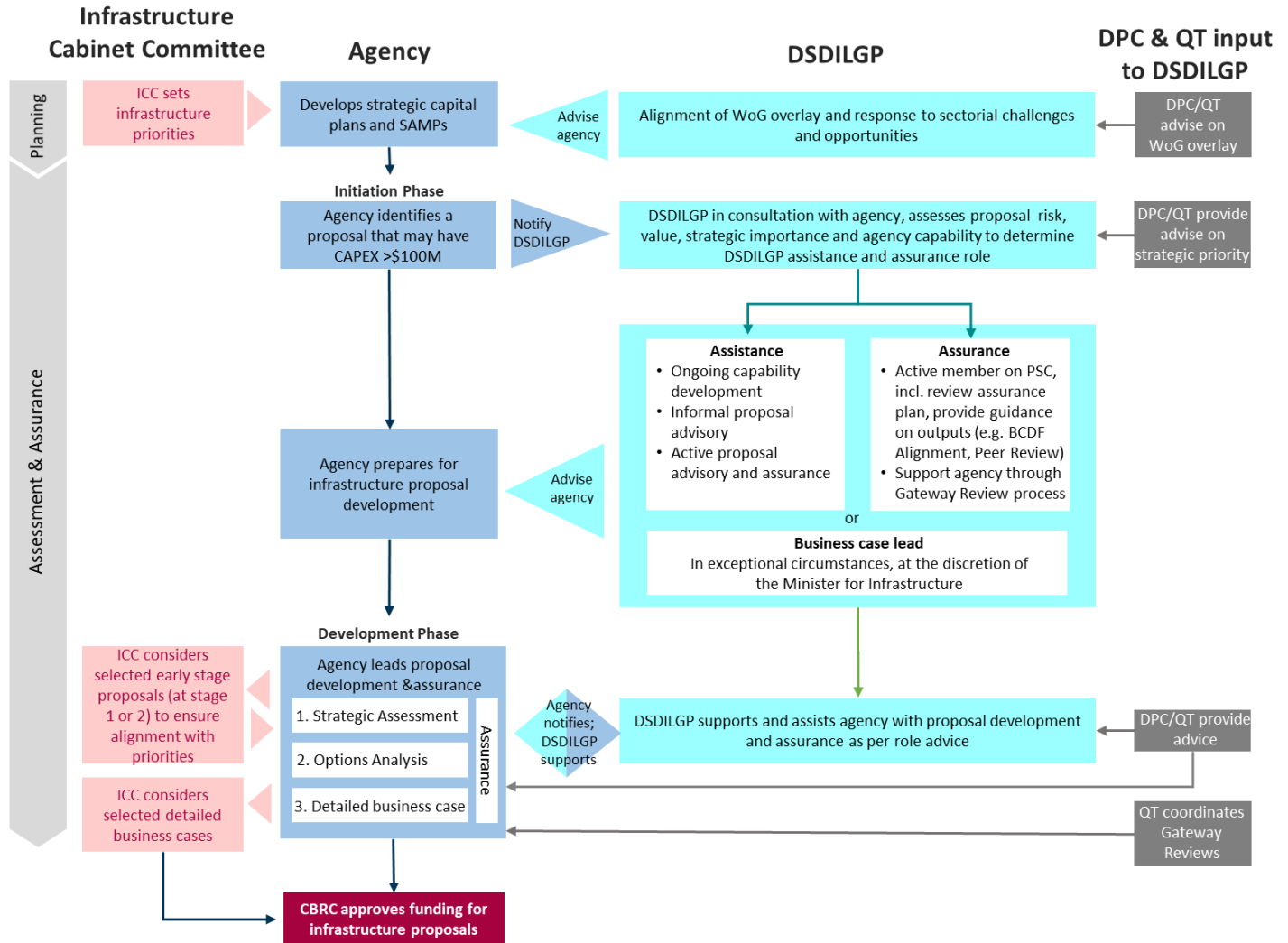


Figure 3: Assessment and assurance process flow

6.2. Roles and responsibilities

6.2.1 Cabinet committees

The following Cabinet committees are relevant to the application of this Policy.

Cabinet Budget Review Committee (CBRC)

The CBRC has a primary role of considering matters with financial or budgetary implications for the government. Initiatives or proposals that cannot be funded from existing appropriations must be directed to CBRC for consideration. This includes consideration of new infrastructure funding proposals that would have a significant budgetary impact.

At the direction of the Premier or Cabinet, CBRC may also consider other issues that require dedicated or longer-term scrutiny or otherwise might best be considered in the Committee environment.

Infrastructure Cabinet Committee (ICC)

The ICC is intended to elevate the government's consideration of infrastructure matters and advance the government's broader infrastructure agenda.

The ICC has oversight responsibilities to help ensure that infrastructure proposals reflect the priorities of the government as closely as possible and that infrastructure commitments are delivered in line with the intent of CBRC, particularly regarding timeframes for delivery, budget and project outcomes.

The ICC is a forum for senior Ministers to shape infrastructure proposals from early development, including assessment of how the proposals address sectoral and regional challenges and opportunities and give effect to whole-of-government priorities. This oversight will also include assuring detailed business cases for large infrastructure proposals as directed. Therefore, the ICC is expected to have a role in:

- setting infrastructure directions and priorities, which would inform the development of agencies' strategic capital plans
- considering selected infrastructure proposals at an early stage of development (e.g. Strategic Assessment or Options Analysis). These proposals would either be identified by ICC, by DSDILGP or the responsible agency as warranting early attention.
- considering selected infrastructure proposals at the completion of a detailed business case, prior to proceeding to CBRC for a funding decision. Proposals that are considered at this point are likely to have been considered previously or display characteristics that warrant greater attention.

The ICC does not make funding decisions and does not replace CBRC.

6.2.2 Portfolio Ministers and relevant agencies

Ministers and agencies are responsible for developing and maintaining infrastructure planning and proposal development consistent with their portfolio responsibilities. This includes specific responsibilities for strategic capital planning, proposal development and assurance, and capability development as identified in 6.3.

Agencies lead infrastructure proposal development, apart from in exceptional circumstances where the Minister for Infrastructure directs their agency to lead the development of a proposal (see 6.2.3).

6.2.3 Minister for Infrastructure and their agency

The Minister for Infrastructure is responsible for the BCDF and Infrastructure Proposal Assurance Framework, including ensuring they remain best practice and fit-for-purpose. The Minister, supported by DSDILGP, has a centralised role in the planning and assessment of infrastructure to align whole-of-government objectives, ensure robust proposal development, and improve agency capability uplift. This includes specific responsibilities for strategic capital planning, proposal development and assurance, and capability development as follows:

Strategic capital planning

The Minister for Infrastructure, supported by DSDILGP, plays an active and independent role in agencies' early infrastructure planning, before infrastructure proposals are committed or announced, to assist agencies align their capital plans with whole-of-government objectives. DSDILGP engages with agencies on their strategic capital plans to facilitate consideration of these priorities, as well as to determine the level and nature of assistance to be provided for each agency. The content and timing of submission of strategic capital plans will be agreed between DSDILGP and the agency, recognising the unique nature of each agency's plans.

Proposal development and assurance

DSDILGP provides fit-for-purpose proposal-level assistance and assurance advice to enable agencies to prepare robust and independently verified analysis of infrastructure proposals. Agencies are encouraged to liaise with DSDILGP from the initial stages of proposal development to determine appropriately scaled and targeted arrangements for application of the BCDF and Infrastructure Proposal Assurance Framework. In consultation with agencies, DSDILGP will determine the type and level of support an agency needs to develop an infrastructure proposal and the type of assurance advice and oversight to be provided by DSDILGP. Further information is provided in 6.3.2.

Lead proposal development and assurance

In exceptional circumstances, the Minister for Infrastructure may, in consultation with the Premier, Treasurer and the responsible Minister, direct DSDILGP to lead the development of a proposal. In deciding exceptional circumstances, the risks and benefits of each infrastructure proposal will be considered. Proposals may include those that:

- require significant cross agency collaboration

- are of high strategic significance to the Queensland Government
- will attract significant public interest or public demand that may warrant increased independence in the proposal's development, or
- are high value and risk where the agency would not reasonably be expected to have or need that ongoing capability.

Capability development

DSDILGP works with agencies to build and mature their infrastructure planning and proposal development capabilities at a program or agency level. DSDILGP consults agencies to identify capability needs to lead infrastructure proposal development and support agencies to develop agency training and development plans. Training on some capabilities may be provided by DSDILGP and will be targeted at the specific needs of the agency and its proposals; for example, there may be training on the procurement of technical advisors, the investment logic mapping process, or developing and delivering an assurance plan.

6.2.4 The Treasurer and Queensland Treasury

Queensland Treasury's Commercial Group is responsible for optimising the State's investment in, and provision of, infrastructure to communities by investigating and evaluating funding, procurement and delivery models, and maximising private investment in Queensland's infrastructure. This includes administering the PAF, the Gateway Review Framework and process, and procurement and negotiation of Public Private Partnerships (PPPs) and other privately financed projects. Queensland Treasury has an active role on Project Steering Committees (PSC), including reviewing assurance activities and outputs as part of its PSC role.

Queensland Treasury's Fiscal and Agency Policy and Performance Groups also play an important role in the project development process. This includes assisting to assess the fiscal impact of a project, obtain suitable accounting advice, manage project contingencies, monitor key financial risks/benefits realised, and review/approve project budgets.

As outlined in the PAF, agencies are encouraged to liaise with Queensland Treasury from the initial stages of project development to determine its role in project governance, review of outputs, and Gateway Review activities.

6.2.5 Infrastructure Proposal Development Advisory Committee

The Infrastructure Proposal Development Advisory Committee is chaired by DSDILGP with representatives from DPC and Queensland Treasury. The purpose of this Committee is to inform DSDILGP decisions regarding alignment of plans with whole-of-government priorities, and on the type and level of assistance and assurance required for individual infrastructure proposals. Responsibilities include but are not limited to:

- identifying and advising on new and emerging issues and areas of interest as they relate to infrastructure proposal development
- considering upcoming and current infrastructure proposals to recommend assistance and assurance approaches based on the priorities of government
- considering application of the Policy to the development of infrastructure proposals led by government-owned commercial businesses (except for proposals outlined as Exclusions in this policy)
- identifying and recommending opportunities for continuous improvement and to inform the efficiency and efficacy of the Policy and its implementation.

6.3. Key obligations

6.3.1 Strategic capital planning

Strategic capital planning aligns agency infrastructure planning with its service delivery priorities and strategies, all within the limits of available resources. It sets out plans to meet the strategic goals and objectives of the agency and reflects future infrastructure priorities. It includes Strategic Asset Management Plans (SAMPs), which align asset portfolio/operational planning with higher-level strategic service objectives (both agency and government) and enables prudent and efficient decisions to be made in response to a

changing operating context. Agencies' strategic planning collectively informs the State's capital plan and long-term infrastructure plan.

Agencies are required to share their strategic capital planning information and consult with DSDILGP on whole-of-government objectives and sector challenges and opportunities, including sharing and receiving feedback on SAMPs.

It is recognised that the nature, timing and form of strategic capital planning differs across agencies. DSDILGP will work with agencies to develop their capital planning where needed.

6.3.2 Proposal assessment and assurance

Proposal assessment

In leading the development of major infrastructure proposals, agencies are required to use the BCDF, unless otherwise approved by the Minister for Infrastructure. This BCDF guides investment proposals through three stages of development as depicted in **Figure 4**.

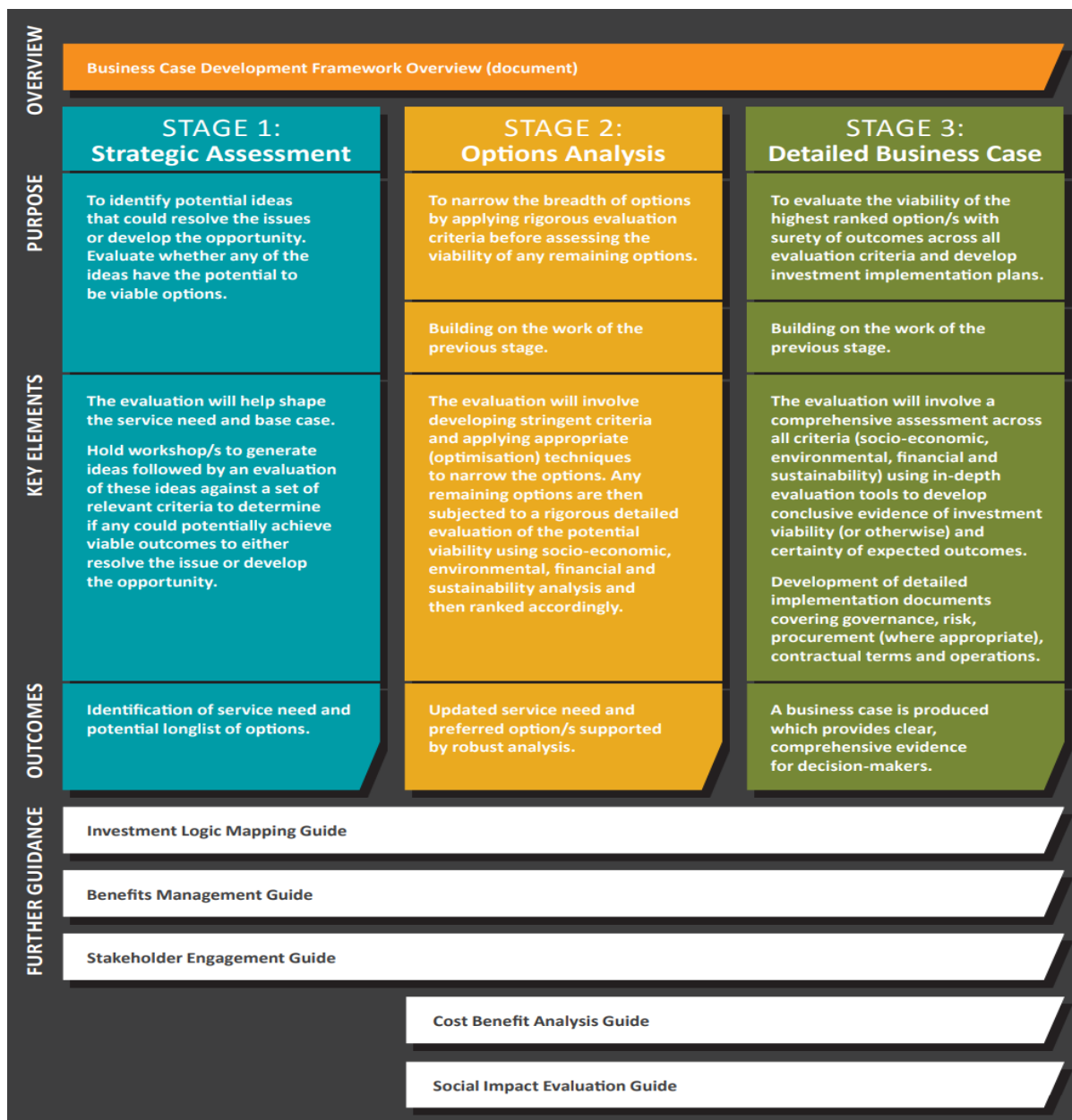


Figure 4: Business Case Development Framework overview

Applying the BCDF ensures a consistent and rigorous approach to proposal development, enabling decision-makers to compare investment opportunities. The BCDF aligns with best practice and meets State and Commonwealth requirements including the Queensland Government's PAF and Infrastructure Australia's Assessment Framework. Agencies should consult with Queensland Treasury in relation to the PAF and the Gateway Review process.

A range of guidance material is provided to support each stage of the BCDF and can be found on the DSDILGP website [here](#).

Proposal assurance

When developing infrastructure proposals, agencies are responsible for applying assurance activities in accordance with the Infrastructure Proposal Assurance Framework.

The Infrastructure Proposal Assurance Framework outlines the activities that should be undertaken by an agency in the development of an infrastructure proposal to provide confidence to decision-makers that the analysis is transparent and robust, the governance is sound, and that due processes have been followed.

As with the BCDF, the Infrastructure Proposal Assurance Framework applies to all proposal development stages (Strategic Assessment, Options Analysis and Detailed Business Case) and is scalable to individual infrastructure proposals.

Outlined below is the lifecycle of assurance activities:

- **Commencement:** assesses whether there is a genuine need, verifies previous stages in readiness for this stage (e.g. Detailed Business Case stage would assess the quality of the completed Options Analysis stage before progressing), considers lessons learned, and any Gateway Review reports.
- **Initiation of assessment:** establishes the required proposal governance (e.g. structure, roles, terms of reference and selection of members to establish the Project Steering Committee and Project Working Group (PWG)). Once the governance is established, an Infrastructure Proposal Assurance Plan detailing the assurance activities to be undertaken throughout the stage is drafted and endorsed by the PSC and other bodies as required (e.g. internal agency governance committee). Depending on the proposal stage, assurance activities may include:
 - external peer reviews to ensure analysis is reliable, accurate, robust and transparent
 - an agency's internal assurance activities
 - Queensland Treasury Gateway Reviews
 - project health and governance reviews
 - BCDF alignment review.
- **Analysis:** undertake assurance activities in parallel with analysis of the infrastructure proposal, as outlined in the Infrastructure Proposal Assurance Plan. This includes early methodology reviews and review of analysis outputs. Outcomes of assurance activities are reported to the PSC and other bodies as required (e.g. internal agency governance committee), with required changes incorporated into the final deliverables from the stage.
- **Close-out of stage:** ensures assurance outcomes (including how issues identified through assurance activities have been addressed) are documented for the stage.

Levels of assistance and assurance provided by DSDILGP

DSDILGP will adopt a risk-based approach to determining the nature and extent of assessment and assurance activities to be applied by agencies when developing proposals and the degree of assistance and assurance support provided by DSDILGP, informed by the following factors:

- The nature and risk of the business case and proposal. An assessment will be made of the quadruple bottom line (social, economic, financial and environmental) risk associated with the proposal. Project and business case risks rated as high will necessitate specific business case assurance activities.
- The maturity of the agency or department. The extent of business case assurance activities undertaken will be informed by the experience and maturity of the agency in relation to infrastructure assessments and/or development of business cases.

The assistance and assurance support and oversight that DSDILGP provides will be fit-for-purpose and will be determined on a proposal-by-proposal basis predicated on a range of factors, described above. The

degree of support provided by DSDILGP can range from light, to moderate, to significant depending on proposal characteristics and agency capability. For individual proposals, the types of assistance and assurance DSDILGP may provide is outlined in **Table 1**.

Table 1: Types of assistance and assurance

DSDILGP role and level of support	Example agency and proposal characteristics	Example DSDILGP activities
Light support	Proposal that is low risk, complexity, value or public interest being led by an agency with considerable capability	<ul style="list-style-type: none"> ▪ Active member on the PSC ▪ Providing templates as required (e.g. assurance plan, terms of reference, alignment review templates) ▪ Providing advice on development of proposal (e.g. facilitating Investment Logic Mapping processes or reviewing procurement plans) ▪ As part of PSC role, reviewing assurance outputs, including agency advice on BCDF alignment and Gateway Review arrangements.
Moderate support	Proposal with moderate risk, complexity, value or public interest being led by an agency with considerable or moderate capability	May include the activities described for limited support, as well as: <ul style="list-style-type: none"> ▪ providing guidance on establishing governance frameworks ▪ reviewing assurance plan ▪ completing a check of BCDF alignment review (drafted by lead responsible agency) ▪ supporting with peer review procurement ▪ through PSC involvement ensuring Gateway Review, peer review and other review findings are addressed.
Significant support	Proposal with high risk, complexity, value or public interest being led by an agency with considerable, moderate or minimal capability	May include the activities described in limited and moderate support, as well as: <ul style="list-style-type: none"> ▪ active member on the Project Working Group (PWG) ▪ reviewing detailed analysis and other outputs as part of PWG role ▪ performing BCDF alignment review in collaboration with responsible agency ▪ support Senior Responsible Officer through Gateway Review process, which may include attendance at daily briefings (as appropriate, subject to agreement by the lead agency and/or Gateway unit).

To enable continuous improvement in the assurance approach, DSDILGP will also undertake regular reviews of business case analysis outcomes at an agency level to identify systematic issues and opportunities for improvement. These will then be built into assistance and assurance arrangements to enable continuous improvement across government.

6.3.3 Capability development

Agencies are responsible for developing and maintaining their infrastructure planning and proposal development capabilities. They are required to consult DSDILGP when identifying and planning infrastructure proposal development training.

6.3.4 Agency supplied information

Agency information supplied through application of this Policy is for internal government purposes only. Appropriate controls are in place to manage use of this information.

7. Associated policies and guidance material

This Policy aligns with key government policies and frameworks relating to infrastructure proposal development. It should be read in conjunction with:

- Project Assessment Framework (PAF) (Queensland Treasury)
- Business Case Development Framework (BCDF) (DSDILGP)
- Infrastructure Proposal Assurance Framework (DSDILGP)
- OGC Gateway™ Process (Gateway) assurance activities (Queensland Treasury)
- Agency Planning Requirements (DPC)
- State Infrastructure Plan Part A: Strategy (DSDILGP)
- Performance Management Framework, Specific Purpose Planning Requirements (DPC)
- Strategic Asset Management Plan (SAMP) Framework and Guidelines (DSDILGP)
- Investment Guidelines for Government Owned Corporations (Queensland Treasury)
- Infrastructure Australia's Assessment Framework
- Queensland Procurement Policy 2021 (Department of Energy and Public Works (EPW))
- Best practice principles: Queensland Procurement Policy (EPW)
- Capital Works Management Framework (EPW).

Appendices

Appendix A – Definitions

The key terms referred to in this policy are as follows:

Term	Definition
Agency or agencies	Refers to any entities for which this policy is deemed to apply in accordance with section 4.1 Applicable entities.
Infrastructure proposal or proposal	Infrastructure proposals are potential infrastructure solutions to a defined problem or opportunity that have not yet received a positive investment decision from the government.
Infrastructure proposal development	<p>Assessment of infrastructure proposals at stages including:</p> <ul style="list-style-type: none"> ▪ Strategic assessment: identify potential ideas that could resolve the issues or develop the opportunity. Evaluate whether any of the ideas have the potential to be viable options. The outcome is the identification of service need and potential long list of options. ▪ Options analysis: complete/confirm the options identification process, narrow the breadth of options by applying rigorous evaluation criteria before assessing the viability of any remaining options. The outcome is an updated service need and preferred option/s support by robust analysis. ▪ Detailed business case: evaluate the viability of the highest ranked option/s with surety of outcomes across all evaluation criteria and develop investment implementation plans. The outcome is a business case which provides clear, comprehensive evidence for decision-makers.
Capital program	A list of critical infrastructure projects identified by the Queensland Government, including productivity-enhancing economic infrastructure and essential social infrastructure, to support Queensland’s growing population.
Whole-of-government priorities	An overlay of priorities to inform the capital program that align to existing government priorities, including those identified in <i>Queensland’s Economic Recovery – Unite and Recover Plan</i> , the Queensland Government’s objectives for the community, and that may arise from the recommendations developed by Infrastructure Australia. Priorities may include economic growth, regional development, employment, productivity and industry development.

Department of State Development,
Infrastructure, Local Government and
Planning
PO Box 15009 City East Qld 4002 Australia
Tel 13 QGOV (13 74 68)
info@dasilgp.qld.gov.au
www.dasilgp.qld.gov.au

