



Government of **Western Australia**
Department of **Treasury**

Strategic Asset Management Framework

Fast-Tracked Proposals



Government of **Western Australia**
Department of **Treasury**

Strategic Asset Management Framework

Fast-Tracked Proposals

Contents

INTRODUCTION	1
PART ONE: POLICY.....	2
Definition	2
Election Commitments	2
Unforeseen Events	2
Justification	3
Treatment.....	3
Strategic Asset Plan.....	4
Business Case	4
Options Analysis	5
Sequence.....	5
PART TWO: PROCESS	6
Election Commitments.....	7
Election Result: Proposal Clarified	7
All Fast-Track Proposals	7
Initial Groundwork	7
First Agency Submission to Cabinet.....	8
Steering Committee Established	9
Initial Report to Cabinet	9
Business Case Submitted to Cabinet.....	10
PDP Developed and Submitted to Cabinet	10
Communication	10
Conclusion.....	11

Introduction

As a matter of principle, the development of a business case for large scale, high risk asset investment proposals should start at least two years from when Cabinet will be asked to include the proposal in the forward estimates period of the Asset Investment Program. Depending on the complexity of the asset, this will generally allow a four to five-year planning phase, including development of a detailed project definition plan.

This approach is designed to ensure that sufficient time is available to undertake a robust, well documented planning process that maximises the potential for successful project delivery and minimises the risks to the State's finances and the reputation of Government.

However, from time to time, the Government may decide to compress the normal timeframe and process for the planning and delivery of a proposal when it has high priority. The compressed planning process for fast-tracked proposals will be demanding and resource intensive. In order to meet Government expectations, agencies must react quickly and effectively to such proposals which present a significant challenge to successful asset investment planning and delivery.

If fast-tracked proposals are not managed well, they will be extremely vulnerable to errors and omissions in business case development, project definition and contract development, with a high risk of:

- incurring significant cost and schedule delays, disappointing service delivery results and reduced value for money (compared to initial expectations); and
- excluding other value-for-money proposals that the Government may have preferred to consider had the opportunity been available.

For these reasons, proposals are granted fast-tracked status only when justifiable and approved by Cabinet. The definition of a fast-tracked proposal is carefully constrained. Ideally, such proposals should comprise a small set of the total number of proposals in the Asset Investment Program. A robust process should be maintained to identify, resource and manage them.

Part One: Policy

Definition

A fast-tracked proposal arises when Cabinet requires asset planning and delivery to be completed within a specified, shortened timeframe. Fast-tracked proposals require a focused and immediate management response to ensure that notwithstanding the time pressures, Government is provided with the necessary, robust information to enable it to make an informed investment decision, prior to including the proposal in the Asset Investment Program. Two prominent examples are asset-related election commitments and urgent proposals to address significant, unforeseen events.

Election Commitments

Asset-related election commitments are among the highest priority for strategic investment planning and management in the Western Australian public sector because these initiatives are created directly by a new State Government elected by the public.

These commitments generally involve significant resource investment and improvement to services, and often give rise to high costs and risks to the State's finances (for example, to create or refurbish a hospital, or to construct a new road or railway).

Unforeseen Events

These proposals relate to problems that could not reasonably have been foreseen, such as:

- rapid reaction to address damage to State assets caused by natural disasters;
- action to address sudden and severe global or national economic downturns through stimulus spending – such as to help sustain the construction sector.

Such proposals are rare, but require rapid planning and implementation. Given the scale of the task and the lack of lead time involved, it is unlikely that ready and robust business cases will have been developed prior to the emergence of the need for such proposals.

Justification

Not all investment proposals that are presented to Ministers or Cabinet as requiring fast-track treatment need to be dealt with so quickly. As a matter of principle, all fast-track proposals should be challenged to ascertain why they should receive priority treatment.

For example, proposals that form the basis of submissions seeking Commonwealth funding are not automatically classed as fast-tracked. Instead, they should already have been well-planned, and be ready for consideration for inclusion in the Asset Investment Program as part of the normal Budget cycle. This is because agencies would have already identified their high priority proposals, based on the strategic logic and justification in their strategic asset plans. In addition, the timing and method for developing and submitting joint funding proposals are well known, and the potential for a Commonwealth contribution should have been addressed in the analysis of financing arrangements provided in support of a pre-existing business case.

Similarly, an urgent Commonwealth proposal for joint asset investment, including one linked to a federal election commitment, is reviewed to clarify its alignment with State Government priorities and the impact on State finances, particularly to identify any significant cost or risk elements that would be borne by the State. If the Commonwealth proposal accords with State priorities, and the total cost and risk implications are clear, the proposal may be a candidate for fast-tracked development.

Crucially, the advent of unexpected gains, in the form of a surge in Government revenue or an unforeseen funding source, does not automatically give rise to a fast-tracked proposal. For example, the response to increased capacity by the State to invest in infrastructure (due, for example, to higher than expected growth in State revenue) is planned carefully as part of the normal Budget cycle, and is focused on agencies' highest priorities which have already been clearly justified.

Treatment

The term 'fast-tracked' does not imply that a minimalist approach can be taken to the SAMF standards for strategic asset planning, business case development or project definition. Rather, the planning and project definition work is resourced properly to achieve the SAMF standards within a compressed timeframe, including through close governance within and among agencies, using a multi-agency steering committee as necessary.

Strategic Asset Plan

If an SAP has been well developed, is updated annually and is in tune with the service delivery priorities of the Government, then the potential for surprises that give rise to fast-tracked proposals should be low.

However, it is incumbent upon an agency to reconsider quickly the impact of a fast-tracked proposal on its existing SAP, its underpinning logic and assumptions, and its investment priorities.

The impact is addressed both in an updated SAP and in any of the SAP support plans that are affected. For example, the logic that underpins the priority and scheduling of proposals in a capital investment plan will almost certainly be changed – as will that in a strategic land assembly, maintenance or disposal plan, depending on the specifics of the fast-tracked proposal.

The objective of this strategic reappraisal is not only to ensure that the new reality is reflected in an SAP, but also to bring fast-tracked proposals as quickly as possible into the overall Budget review, planning and prioritisation process.

Business Case

A fast-tracked proposal must be supported by a robust business case using the universal SAMF method. The method covers core aspects including: scope, benefits, through-life capital and operating costs, schedule and risks – with supporting requirements on the finance and procurement arrangements. As with other high cost and risk proposals, the business case must have strong coverage of relevant key aspects, including land assembly, operations, maintenance and disposal. Further information on the SAMF requirements is in the Business Case module.

Depending on the urgency surrounding the proposal, the Government may have focused on one or two alternative options (such as for the location of an asset) and have specified some parameters (such as the scale of the services or the cost and risk profile of the asset). In that context, the fast-tracked business case clarifies the critical issues relating to the options and parameters, including, for example:

- the deficiencies that would be addressed by moving from the status quo, particularly in terms of current service delivery and asset shortfalls and risks;
- the extent to which the preferred scale or location of the asset will improve service delivery to Western Australians, and what the benefits will be;
- whether the projected benefits will offer value for money, and why;

- whether there are alternative parameters that could be adopted if the initial ones are found not to be feasible, or to offer insufficient value for money; and
- whether there are non-asset, demand management initiatives that should be included.

Options Analysis

The options analysis in support of a fast-tracked business case is centred on the options determined by the Government, and includes consideration of the status quo. The analysis will therefore tend to be more focused than normally expected under SAMF. However, all other aspects of the SAMF business case standards, model and supporting analysis are addressed, including the rigorous assessment of the social impact, and the financial and broader economic costs and benefits involved. Coverage of the status quo option should be of sufficient quality to support Cabinet consideration of the context and implications of the fast-tracked investment, including the benefits and opportunity costs. Further information is in the SAMF Options Analysis module.

When there has been insufficient time for sound options analysis and review, the fast-tracked business case highlights this limitation and provides the reasons. In this way, the Government is fully informed of the reduced level of analysis undertaken into the pros and cons of selecting the preferred option.

Sequence

To reinforce the quality of advice to Government, the first treatment of a fast-tracked proposal should be in a robust business case (not in a project definition plan). A business case is required because without it there would be insufficient information available on alternative parameters to which Cabinet can refer if the project definition work reveals material problems in relation to the scope, costs, schedule or risks for the option selected by Cabinet.

The development of a robust business case also ensures that the detailed and costly project definition work is not started until Cabinet has confirmed the way ahead based on the business case, and that the project definition is based on a fully-informed Cabinet mandate. Further information on the sequencing of SAMF planning documents is in the Overview module.

Part Two: Process

The following table summarises the process for handling fast-tracked proposals. The process is explained in the remainder of this module.

Table One: Fast-Track Process

	Stage	Description
	For Election Commitments	
1.	Election Result: Proposal Clarified	Investment intentions confirmed by agency and Treasury as soon as possible with the new Government
	For All Fast-Track Proposals	
2.	Initial Groundwork	Agency and Treasury work together to identify required planning tasks and associated resources
3.	First Agency Submission to Cabinet	From the responsible Minister seeking: fast-tracked status; and approval for the resource, governance and implementation arrangements
4.	Steering Committee Established	To develop the business case as a high priority
5.	Initial Steering Committee Report to Cabinet	Progress on early business case findings, including the options to achieve the objectives of the proposal Generally provided to Cabinet within three months
6.	Business Case Submitted to Cabinet	Robust advice on the overall value for money to be achieved, and each of the elements in the universal SAMF business case model Cabinet approves its preferred option, sets the cost, risk, schedule and other parameters, and commissions the PDP
7.	PDP Developed and Submitted to Cabinet	Cabinet decides whether to proceed to tender

Election Commitments

Election Result: Proposal Clarified

Once the election outcome is known, the relevant agency and Treasury seek the first opportunity to clarify the policy and details of the asset-related election commitment with the new Government.

In the lead-up to those discussions, the available information will typically be limited, and substantial parts of the SAP and business case methods may not have been addressed. For example, the link to the service delivery objectives and model in the prevailing SAP may not have been made, or the objectives and model may not be supported by the new Government.

However, the initial nature, scope, timing and preliminary costs of the new Government's asset-related election commitments should be known. For example, prior to the election, the new Government may have indicated its future intentions and priorities for major asset investment, optimisation and disposal during speeches and announcements. The Government may have conducted public meetings with local communities at which asset investment priorities were raised. Treasury may also have provided a broad costing of the new Government's election commitments, in consultation with relevant public sector agencies.

Overall, there should be sufficient information available for the relevant agencies, in consultation with Treasury, to develop an early and informed picture of the asset investment priorities of the new Government – including items that are likely to be fast-tracked. This enables rapid preparation and early planning, focused on how best to deliver the Government's requirements.

From this point on, after the details have been clarified with the Government, asset-related election commitments follow the same process as other fast-tracked proposals.

All Fast-Tracked Proposals

Initial Groundwork

Prior to a Minister providing a submission to Cabinet seeking to proceed with a major investment on a fast-tracked basis, the responsible agency works with Treasury to clarify the reasons for the urgency, and to review the state of any SAP or business case work that may have already been completed.

The objectives of the review are to:

- determine the consistency of the proposal with Government announcements and strategic decisions on the highest priority areas for investment;
- determine the extent of alignment between the fast-tracked proposal and an agency's service delivery objectives, model and demand drivers in its SAP;
- identify the particular elements of the universal SAMF business case method that have yet to be addressed;
- determine the extent of inter-agency cooperation and governance that will be required to help produce the business case and to implement the project, including as necessary under the oversight of a multi-agency steering committee (depending on the scope, costs and risks involved);
- highlight the resources and particular arrangements that will be needed to plan and deliver the fast-tracked project, if approved; and
- determine the best and most realistic timeframe for Cabinet consideration of the business case – either outside or within the annual Budget cycle.

It is essential that these matters are addressed in the submission to Cabinet because they will have a major role in informing Cabinet's decision on whether or not to treat the investment as a fast-tracked proposal. As Cabinet will look to Treasury to confirm that these issues have received adequate consideration, early Treasury advice during the development of the submission will be vital.

Whenever possible, agencies bring the fast-tracked proposal into the normal Budget process quickly to ensure that its impacts, including on other high cost and risk proposals, are factored into planning and priorities at the State Budget and agency levels.

First Agency Submission to Cabinet

As soon as the basic elements of the proposal and the scale of the planning and implementation tasks are clear, the responsible Minister prepares a submission to Cabinet, in consultation with the Treasurer, to seek agreement that:

- the proposal should be fast-tracked;
- the necessary effort and resources should be prioritised within an agency, including to gather the best available in-house expertise and to provide supplementary training if needed;
- additional resources should be allocated as necessary, for example for consultants with specialist skills that are not available in-house; and that

- dedicated governance arrangements should apply, either on a single-agency basis, or through the creation of a senior, multi-agency steering committee.

Steering Committee Established

If Cabinet agrees, the committee is established as soon as possible after the Cabinet decision to develop the business case as a high priority.

The committee is chaired in the planning stage by the agency that will be responsible for the proposed asset. The committee is attended by senior officers from the agency and from any other agency that should be involved, including senior representatives from Treasury. The lead agency and related agencies refine their strategic asset plans and work with Treasury to develop the business case to the level of quality and rigour that meets the SAMF standards.

A high level of collaboration and cooperation between key stakeholders is required to facilitate an effective fast-track process. One of the positive effects of the steering committee is to combine the talents of the full range of agency representatives with a stake in the success of the proposal. This helps to identify and address the significant risks involved.

Initial Report to Cabinet

The timing for progress reports to Cabinet on the development of the fast-tracked business case will depend on the scale of the proposal and the extent of the options analysis involved. However, as a general rule, the steering committee should provide its first progress report to Cabinet within three months.

The report focuses on the key aspects, including:

- initial progress on the business case, including whether the early expectations in terms of the benefits, scope, costs, risks, schedule, finance and procurement arrangements are realistic, or should be modified;
- whether non-asset demand management initiatives should be included to complement the asset;
- how the proposal should be progressed to achieve best value for money, particularly to reduce the risks involved; and
- the planning and other resources that will be needed to develop the PDP, and a realistic deadline for its submission to Cabinet.

Business Case Submitted to Cabinet

The business case is submitted to Cabinet after endorsement by the steering committee and approval by the relevant Ministers and the Treasurer.

The business case must address all aspects and meet the standards set in the universal SAMF Business Case module.

Despite the reduced timeframe for completion, key aspects that must be clear include the:

- scope, benefits, cost, risk and schedule;
- value for money overall, and in relation to alternative procurement and finance arrangements; and the
- project management, governance and implementation arrangements within the agency and among all agencies involved.

On the basis of the business case, Cabinet approves the preferred option and sets the cost, risk, schedule and other parameters for the project, and commissions the PDP.

PDP Developed and Submitted to Cabinet

As with other major asset investment proposals, Cabinet takes the decision on whether a fast-tracked proposal should proceed to tender based on the outcomes of the PDP, which should address all aspects and meet the standards set in the universal SAMF Project Definition Plan module.

Based on the business case and PDP, Cabinet should have a high degree of confidence and a clear understanding of the remaining risks, particularly in terms of project delivery.

Communication

In general, public commitments and comment, including by public sector officers, should not exceed agreements made by Cabinet in relation to fast-tracked proposals.

For example, if the SAMF process has been followed, and if Cabinet has agreed that the proposal should be fast-tracked, it may be appropriate after the steering committee has been established to confirm publicly that asset planning work on the election commitment has been started quickly, and is expected to be completed within a timeframe that reflects the proposal's size, scope, complexity and risk. It may also be appropriate to provide a broad indication of the benefits, scope and timing – subject to future Cabinet decisions.

Based on Cabinet consideration of the initial steering committee report, it should be possible to confirm the parameters for the proposal publicly, and to advise that detailed work on the business case is progressing well. The foundation for this confirmation should be stronger, and the risks clearer than may have been apparent prior to the original Cabinet submission.

Given the depth of the preceding plans and decision-making, a public announcement on the project should be based on strong confidence that: the benefits can be achieved; the cost, risk and schedule estimates are robust; and the reputation of the Government will not be adversely impacted during the delivery stage.

Conclusion

Handling fast-tracked proposals as outlined above enables their expeditious progress and sound planning advice and reports to the Government, and ultimately, value for money to the community.

If sufficient resources and expertise are devoted to fast-tracked proposals and their number is kept to a manageable level, completion of a robust business case and PDP should be possible within 18 months, in most cases, depending on the scale and complexity of the project.

Confidence in the future success of the fast-tracked project will also be strengthened by applying the same progress and benefit reporting regime throughout the life of the asset that is expected for other major investments.

