

Detailed business case template

<Insert project title>

<Insert sponsoring agency>

<Insert date>

| | |
|------------------------|---|
| Document title | Detailed business case template |
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| Acronyms | Full form |
|-----------------|--|
| NT | Northern Territory |
| NT Government | Northern Territory Government |
| NTPDF | Northern Territory Project Development Framework |
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What is a Detailed Business Case?

The Detailed Business Case is a single complete document used by senior decision makers to assess a proposed project.

If approved, it confirms support and/or resourcing for a recommended course of action (option).

A Detailed Business Case is developed to:

- gain agreement on the project scope and approval to proceed with a project
- obtain resourcing for a project through internal departmental processes, and
- to document what the project will accomplish for the funding and how it will deliver benefits.

Why use this document?

The guidance in this document aims to clarify the NT Government's expectations for Detailed Business Cases as part of the Northern Territory Project Development Framework (NTPDF).

Providing a framework for project development assists in:

- the consistent assessment of Business Cases to achieve the best value for Territorians
- reducing the costs and time taken to develop Business Cases, and
- ensuring Business Cases meet NT and Federal Government requirements.

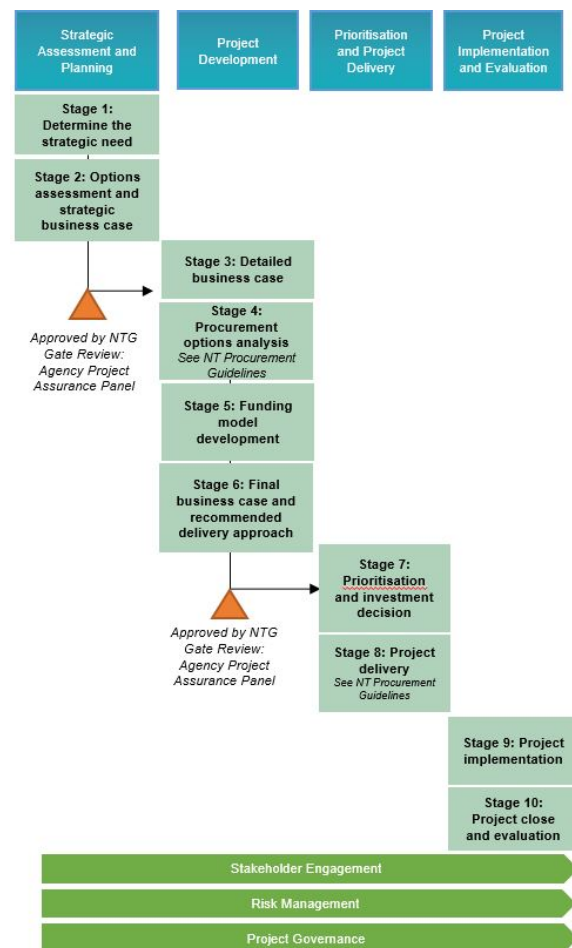
When would you develop a Strategic Business Case?

Approval to develop a Detailed Business Case is usually obtained from the Project Sponsor, after an initial Strategic Business Case has been completed and approved.

The Detailed Business Case expands the proposal developed to date in order to:

- obtain approval for resourcing for the preferred option
- attain agreement on the scope of the project, and
- gain authorisation to proceed to the next step of the project.

The Detailed Business Case will be an important document for developing the Project Plan as well as other project documentation, and measuring the success of the project.



What you need before you start:

- Agreement to proceed with the development of the Business Case from the Project Sponsor.
- Agreement establishing the scope of the Detailed Business Case.
- Knowledge and understanding of the development of a Business Case, as outlined in the NTPDF.

Further help and additional guidance

The NTPDF outlines details on project development in the NT Government. The NTPDF is a tool to guide project development to ensure government facilitated and funded projects are well defined and that government resources are invested in the right projects.

Support can be provided at any stage of a project's lifecycle by the Department of Trade, Business and Innovation by telephone on (08) 8999 6035 or via email at economicinnovation.dtbi@nt.gov.au

The NT Government also encourages users of the NTPDF to leverage the specialist skill sets available across agencies to help validate, check and/or collaborate on a project.

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1. Executive Summary

1.1. Introduction

This section should cover:

- What the strategic need that is being addressed is
- What the Public Benefit is
- The likely outcome if Government does not take action to address the strategic need
- What the Detailed Business Case is proposing
- The project size
- Potential and/or expected funding sources

1.2. Outcomes

Brief summary of Section 2.4.1 Project Outcomes.

1.3. Scope

Brief summary of Section 2.4.2 Project Scope.

1.4. Stakeholder Engagement

Brief summary of Section 2.5 Stakeholder Engagement.

1.5. Cost Estimate

Summary of Section 3.1 Detailed Cost Estimate.

1.6. Budget Impact Summary

Project Development Funding

This section takes into account the cost of investigating options and scoping the project.

| Budget Impact | Current Year \$000 | Future Years \$000 | | |
|--------------------------|-----------------------|-----------------------|--|--|
| Recurrent | | | | |
| Capital | | | | |
| Offset savings | | | | |
| Revenue Implications | | | | |
| Net Funding Requirements | | | | |

Indicative Project Costs

Detail the high-level indicative project costs (construction and whole-of-life costs).

| Budget Impact | Current Year \$000 | Future Years \$000 | | |
|--------------------------|-----------------------|-----------------------|--|--|
| Recurrent | | | | |
| Capital | | | | |
| Offset savings | | | | |
| Revenue Implications | | | | |
| Net Funding Requirements | | | | |

Staffing Impacts Summary

| Impact | 2018-19 | 2019-20 | 2020-21 | 2021-22 |
|-----------------------|---------|---------|---------|---------|
| Total Additional FTEs | | | | |

1.7. Summary Cost for each project phase (if applicable)

| Allocated | Cost per Phase | Outcomes to Phase |
|------------------------------------|----------------|---|
| Phase 1 | \$x,xxx,xxx | <Sunk costs incurred on project set up> <Business Case development and submission> |
| Phase 2 | \$x,xxx,xxx | <Milestone> <Milestone> |
| Phase 3 | \$x,xxx,xxx | <Milestone> <Milestone> |
| Phase 4 | \$x,xxx,xxx | <Milestone> <Milestone> |
| Contingency | \$x,xxx,xxx | <Milestone> <Milestone> |
| Total Requested | \$x,xxx,xxx | <Milestone> <Milestone> |
| Estimated Total Cost to Completion | \$x,xxx,xxx | Comments |

The Estimated Cost to Completion (ECTC) represents the total funding envelope required from the inception of the project through to the completion of the project.

1.8. High-level Timeline/Duration

Provide a high-level breakdown of the proposed key project dates currently known to the project.

<Include attachment of any schedules developed>

2. Project Outline

This section covers the details of the proposed project with a focus on the problem to be addressed or opportunity to be harnessed.

2.1. Background

Expand details on the proposed project. Why has it been proposed and who has been involved in the process?

2.2. What Initiated the Project

- What is the strategic issue or opportunity that is being addressed?
- What are high level project timeframes?
- What may occur if the investment is not undertaken and the impact?

2.3. Why Do We Want To Do It

Clearly articulate the problem or opportunity and the benefits which will be realised if the project is progressed

2.3.1. Strategic Intent and Alignment

Describe the strategic intent of the project and what areas of policy and/or area of government or private sector that are the driving force behind the project.

2.3.2. Key Project Drivers

This section should provide an overview of what the project aims to deliver and the impacts of the project on NT Government, economy, business and wider community (as applicable).

Building on work already completed as part of the Strategic Business Case, clearly outline, among other things:

1. why the project is considered important and implications of the project not proceeding;
2. what economy and/or jobs enhancing outcomes will be achieved by the project proceeding; and
3. all project constraints and how these are proposed to be addressed.

A completed Benefits Realisation Report should be attached to the final Detailed Business Case.

2.4. Project Options Analysis

This section is the critical section in the Detailed Business Case and is a detailed assessment of the risks, benefits, opportunities and threats presented by each option. The assessment of options is expected to result in articulation of the preferred option (the Reference Project) with the analysis clearly supporting such identification.

2.4.1. Options Assessment

The section reviews the options analysis undertaken as part of the Strategic Business Case and:

1. summarises the shortlisting and filtering process undertaken to identify the options to deliver the project outcome;
2. provides a detailed reassessment of the shortlisted options identified in the Strategic Business Case;
3. assesses in detail options identified following the Strategic Business Case; and
4. explains the rationale for discarding any options identified in the Strategic Business Case.

2.4.2. Stakeholder Impacts

In relation to each of the options, describe the government and external (business/community) stakeholders that are impacted by the proposed project, the nature and level of impact and, where there are negative impacts, how these impacts will be managed and mitigated.

| Stakeholder Effected | Impact <major, moderate or minor> | How affected | Proposed Mitigation |
|----------------------|-----------------------------------|--------------|---------------------|
| | | | |
| | | | |
| | | | |

2.5. Outcome of Options Assessment

2.5.1. The Reference Project

Provide clear details of the scope of the Reference Project, what the Reference Project will accomplish, clearly articulate what outcomes will be achieved, and what makes it the preferred approach to resolving the issue or leveraging the opportunity.

2.5.2. Performance Measurement and Baseline

This section articulates the approach to be taken and framework to be established to measure how well the Reference Project achieves project outcomes.

Benefit measurement needs to be evidence based. The approach for collecting data and measuring performance needs to be able to be validated and agreed with all key stakeholders.

As part of project delivery, the performance baseline has to be established with data collected to enable performance measurement over time.

Target measures

A target represents a desired level of performance for a specific outcome. For example, if travel speed is the specific outcome, the target might be 40 kms/hr. Measurable and realistic targets, albeit ones that are still challenging, need to be set during project planning.

In setting target measures, timeframes for the achievement of targets should consider the scale of initiatives and realistic timeframes.

Example Table

| Outcome | KPI | KPI Owner | Benefit metric | Baseline Measure | Target Measure |
|----------------------------------|-----------------------------------|---|-------------------------|--|--|
| The name of the relevant outcome | How the outcome will be evaluated | Stakeholder responsible for measurement and reporting | Financial/non-Financial | The starting figure at commencement of the project | Your expected figure after the project |
| Increased visitor nights | Darwin overnight visits increase | Tourism NT | Non-financial | xxx | Increase of 5% by 2020 |
| Improve road safety | Reduced fatalities | NT Police | Non-financial | X number of fatalities in 2017 | 10% reduction in fatalities from crashes by 2020 |

Source: The Australian Transport Assessment and Planning Guidelines: T6 Benefits Management.

3. Financial and Commercial Assessment

The purpose of this section is to undertake a high-level financial assessment of shortlisted project options to enable the financial and commercial implications of each shortlisted option to be clearly understood. A more detailed financial assessment is to be undertaken of the Reference Project.

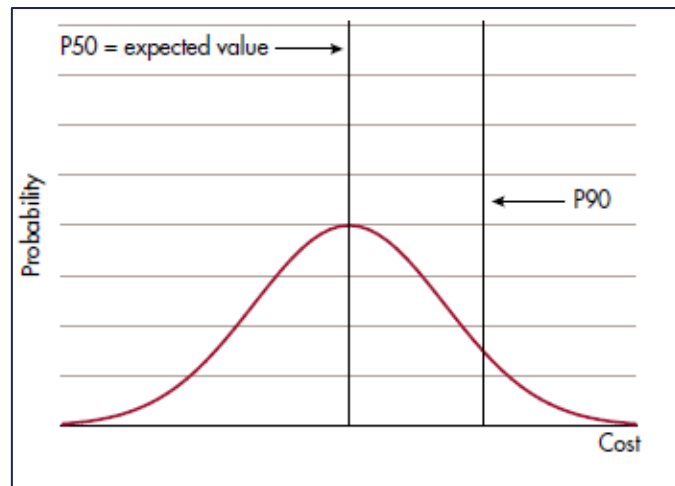
Completion of the financial analysis provides a set of baseline cash flows. This can be used in the development of cost comparators which are used to assess value for money.

The business case should seek to place a quantifiable value on the extent of financial risks to the project benefits as much as possible.

Detailed capital and operational cost estimates should be included as appendices to the business case.

3.1. Detailed Cost Estimates and Risks

At this stage of project development, the cost estimates of the shortlisted options should be provided at P50 level with cost estimates for the Reference Project provided at both the P50 and P90 levels of confidence, capturing capital costs, whole-of-life operating and maintenance costs, and any savings that would be realised by deviating from the base case. P50 costs and P90 costs are estimates of project costs based on 50% and 90% probability respectively that the cost estimate will not be exceeded. The P50 cost is the median of the cost distribution. See Graph 1 for an illustration of P50 and P90 costings.

Graph 1: Symmetrical Cost Distribution.

Source: Infrastructure Australia's Assessment Framework, June 2017, p.41

Table 1: Example of Capital Cost Estimates

| Capital Cost Estimates | P50 Cost \$m | P90 Cost \$m |
|--|-----------------|-----------------|
| OPTION 1 - REFERENCE PROJECT | | |
| Design, project management, other fees | 5 | 7 |
| Land | 6 | 10 |
| Demolition | 1 | 1 |
| Building works | 30 | 45 |
| Contingencies | 38 | 20 |
| Total | 80 | 90 |
| OPTION 2 | | |
| Design, project management, other fees | 5 | |
| Land | 6 | |
| Demolition | 1 | |
| Building works | 40 | |
| Contingencies | 46 | |
| Total | 98 | |
| OPTION 3 - BASE CASE | | |
| Design, project management, other fees | 5 | |
| Land | | |
| Demolition | | |
| Building works | 60 | |
| Contingencies | 46 | |
| Total | 111 | |

| Budget Impact | Current Year | | Future Years | |
|---|--------------|-----------|--------------|----------|
| | Year 0 | Year 1 | Year 2 | Year 3 |
| CAPITAL COSTS | | | | |
| Design, project management, other fees | 2 | 2 | 1 | |
| Land | 6 | | | |
| Demolition | 1 | | | |
| Building works | | 15 | 15 | |
| OPERATIONAL COSTS | | | | |
| Staffing costs | | | 2 | 5 |
| Operating costs | | 1 | 2 | 4 |
| Design, develop and implement IT system | | 2 | 2 | |
| Repair and Maintenance | | | | |
| OFFSET SAVINGS | | | | |
| Redirected staffing resources | | | 1 | 3 |
| REVENUE | | | | |
| User charges | | | | |
| NET FUNDING REQUIREMENT | 9 | 20 | 21 | 6 |

3.2. Project Funding Analysis

Outline the proposed funding sources for the project. This should include consideration of the ability to:

- charge users
- leverage Commonwealth or local government funding sources, and/or
- co-fund the project with non-government organisations.

| | Current Year \$000 | | Future Years \$000 | |
|----------------------------|-----------------------|--|-----------------------|--|
| Funding requirement | | | | |
| Capital | | | | |
| Operating | | | | |
| Total | | | | |
| Funding sources | | | | |
| NTG - Additional | | | | |
| NTG - Savings | | | | |
| Commonwealth | | | | |
| Other | | | | |
| Other | | | | |
| Other | | | | |
| Total | | | | |

4. Public Benefit Assessment

The public benefit of the project needs to be clearly articulated and compared with the costs of proceeding with the project. The depth of analysis and detail of reporting should be commensurate with project size and/or the significance of the impacts/risks.

The broader impacts of projects are often key drivers for project selection in the NT. Matters such as social equity in the availability of government services, accessibility to major employment hubs and connectivity may not have measures that can be easily included in a quantitative Cost Benefit Analysis but are important considerations in the development and assessment of projects and therefore should be included in as much detail as possible in the Public Benefit Assessment.

4.1. Benefits

- What are the benefits of addressing the problem/harnessing the opportunity?
- This can include the costs avoided in developing the project, the direct benefits of the project (e.g. reduced waiting times) and broader benefits (lower mortality rates from preventable illness)?
- The benefits need to be realistic, evidence-based and achievable.

4.2. Costs

- What are the costs of addressing the problem/harnessing the opportunity?
- Costs generally include the estimated capital and operating costs of delivering the project (outlined in Section 3), regardless of who funds the project.
- This section should also discuss other broader costs that the project may generate as a result of the project proceeding. These might include reduced amenity, carbon emissions etc.

The below provides further guidance on how to determine and present benefits and costs to provide a view on the overall net public benefit of the project.

4.3. Qualitative Analysis

Outline the qualitative benefits, which may include environmental, social or regional considerations. These can be a significant component of the project rationale, particularly in the NT context.

4.4. Quantitative Analysis

Quantitative analysis includes an assessment of the outcomes of the project in a manner that can be reliably measured. e.g. the reduction in surgery waiting times as a result of constructing a new operating theatre, the increase in days a town has accessibility as a result of flood immunity works.

There are a range of quantitative tools that can be suitable to assist in assessing the public benefit of a project, depending on the nature of the expected benefits and costs that the project is expected to generate.

4.4.1. Cost Benefit Analysis

A Cost Benefit Analysis (CBA) is an assessment tool used to determine whether an option is beneficial relative to the base case ('do minimal or business-as-usual').

The key principle of a cost-benefit analysis is to convert the costs and benefits into dollar terms, allowing them to be weighed up against each other. An option will be considered more desirable if it delivers benefits over and above its costs, which is typically expressed in net present value ("NPV") terms.

The cost-benefit analysis differs from traditional financial analysis in that it is performed from the viewpoint of society; specifically the NT community. For example, it could consider the road safety benefits of a road improvement project. It goes beyond just looking at the fiscal impacts by also examining social welfare impacts.

However, benefits and costs must be able to be converted into dollar terms for the analysis to be effective. Continuing the example above, a road improvement project may also have a range of other benefits such as improving accessibility to healthcare, education, job opportunities, trade and commerce etc. Such indirect benefits are key drivers of projects in regional and remote areas of the Northern Territory, which are typically much more difficult to robustly estimate under a CBA.

Guidance material on cost benefit analysis can be found at the following links:

- the Department of Finance and Deregulation Finance Circular 2006/01, Australian Government Introduction to Cost-Benefit Analysis and Alternative Evaluation Methodologies and Handbook of Cost-Benefit Analysis
<http://webarchive.nla.gov.au/gov/20080726194641/http://www.finance.gov.au/publications/finance-circulars/2006/01.html>
- The Green Book – Appraisal and Evaluation in Central Government, Treasury Guidance, London 2004 : http://www.hm-treasury.gov.uk/data_greenbook_index.htm

5. Delivery and Funding Model Analysis

This section identifies how the project will be delivered, funded and project delivery risks managed to enable the Detailed Business Case to justify the delivery decision based on facts and analysis. The level of detail involved in the analysis of options should reflect the size, scope and nature of the project.

Projects valued at \$100 million or more must comply with the National Public Private Partnership (PPP) Guidelines and consider a PPP approach for delivery.

In this section, key project risks and desired risk allocations are determined, and the relative importance of various procurement criteria is established. Delivery options are identified, with an assessment of the options against the evaluation criteria. Funding models are explored. A recommended delivery model will be identified, and implications for procurement and a high-level delivery schedule provided.

5.1. Outline of Key Risks

Identify key project risks and desired risk allocations.

- Outline the process undertaken for risk management, i.e. was a Risk Workshop undertaken and who participated?
- Attach a copy of the project's Risk and Issues Register. The register should capture all relevant project risks across all government agencies.
- Attach a Risk Management Plan which highlights the process to identify, assess, allocate and monitor current, anticipated and emerging risks.

5.2. Procurement Value Drivers

Address the relative importance of each of the following criteria in the selection of the appropriate delivery model:

- Time to Market: does the project need to meet a particular timeframe (government commitment, closure of current facility etc.)?
- Flexibility: will the project benefit from a more flexible delivery model that accommodates uncertainty and variation?
- Price certainty: Is fixed price certainty critical? To what extent would the project benefit from the integration of outcomes beyond construction?
- Risk transfer: to what extent is the project suited to the transfer of risk to the contractual counter-party?
- Contractor's innovation and incentive: to what extent does the project provide opportunities to drive innovation and incentivise the counter-party?

Develop a framework for the comparative analysis of the different procurement options, which incorporates evaluation criteria and a system for rating each option against the criteria.

5.3. Delivery Model Assessment

Identify the different delivery options to be considered.

Design and construct is a common delivery model used by the NT Government, due to its clear scope and comparatively low risk profile. This model is particularly common amongst smaller scale Level 2 and 3 projects. Projects that are larger-scale and more complex (i.e. have the potential for significant innovation and may benefit from transferring operational risks to the private sector) may be better suited to another model.

Delivery model options that can be assessed in this section include:

- Construct
- Design and Construct
- Design Construct Maintain
- Design Construct Maintain Operate
- Managing Contractor
- Alliance
- Public Private Partnerships PPP (Availability)
- PPP (Build Own Operate Transfer)
- Project Management Agreement

The following figure describes how value drivers can be aligned with the delivery model that achieves the 'best fit'.

| Delivery Model | Time to Market | Flexibility | Price Certainty | Innovation & Incentive | Risk Transfer |
|-----------------------------------|-------------------|-------------------|-------------------|------------------------|-------------------|
| Package drivers | H/M/L | H/M/L | H/M/L | H/M/L | H/M/L |
| Construct Only | Suitable | Suitable | Indifferent | Highly unsuitable | Indifferent |
| Design & Construct | Suitable | Indifferent | Indifferent | Indifferent | Indifferent |
| Design Construct Maintain | Indifferent | Unsuitable | Suitable | Suitable | Suitable |
| Design Construct Maintain Operate | Indifferent | Unsuitable | Suitable | Highly suitable | Highly suitable |
| PPP (Availability) | Highly unsuitable | Highly unsuitable | Highly suitable | Highly suitable | Highly suitable |
| PPP (BOOT) | Highly unsuitable | Highly unsuitable | Highly suitable | Highly suitable | Highly suitable |
| Project Management Agreement | Highly suitable | Highly suitable | Highly unsuitable | Highly unsuitable | Highly unsuitable |
| Managing Contractor | Highly suitable | Suitable | Unsuitable | Suitable | Unsuitable |
| Alliance | Unsuitable | Highly suitable | Highly unsuitable | Suitable | Highly unsuitable |

Source: ACT government SAF Guidelines

When evaluating the options, the following should be considered:

- Set timeframes associated with delivery options and assess their achievability
- Assess and rank each of the delivery options against the evaluation criteria
- Assess the potential value for money associated with each delivery option

A market analysis will be required for Level 1 projects, and at times Level 2 projects. Engage the market through market soundings to:

- Identify key players
- Determine market capacity
- Determine market appetite, and
- Consider whether there is sufficient competition to drive value for money outcomes.

5.4. Funding Model

Summarise the range of potential funding and financing options that achieve best value for money for the NT. Outline the likely funding risk for the proposed activity. Where alternative funding and financing sources, such as Public-Private Partnerships (PPP), have been explored and are proposed, a more detailed report of the options for funding should be incorporated into the business case and specialist advice sought.

Key elements to consider include:

- Which potential options are most desirable? An outright private funding, joint government funding, combined arrangement or alternative models including user pays or outcomes-based funding.
- What would be the likely extent of the financial exposure, co-investment and risk borne by the NT Government under each arrangement?
- What would be the indicative net debt impact on the NT Government?
- What is the feasibility of adopting the funding model type?

5.5. Recommended Delivery/Funding Model

Summarise the recommended delivery model and the implications for procurement.

5.6. High-level Delivery Schedule

Provide a high-level delivery schedule that includes proposed procurement and delivery milestones.

| Key Deliverable | Change/Impact that will occur |
|---|--|
| <Business case> | <Evidence to governance committees of merits of the project> |
| <Release EOI to market > | <Market/public are aware of intended project> |
| <Release of tender documents to market> | <NT Government is committed to the project> |
| <Exchange of contracts> | <This will enable parties to commence works> |

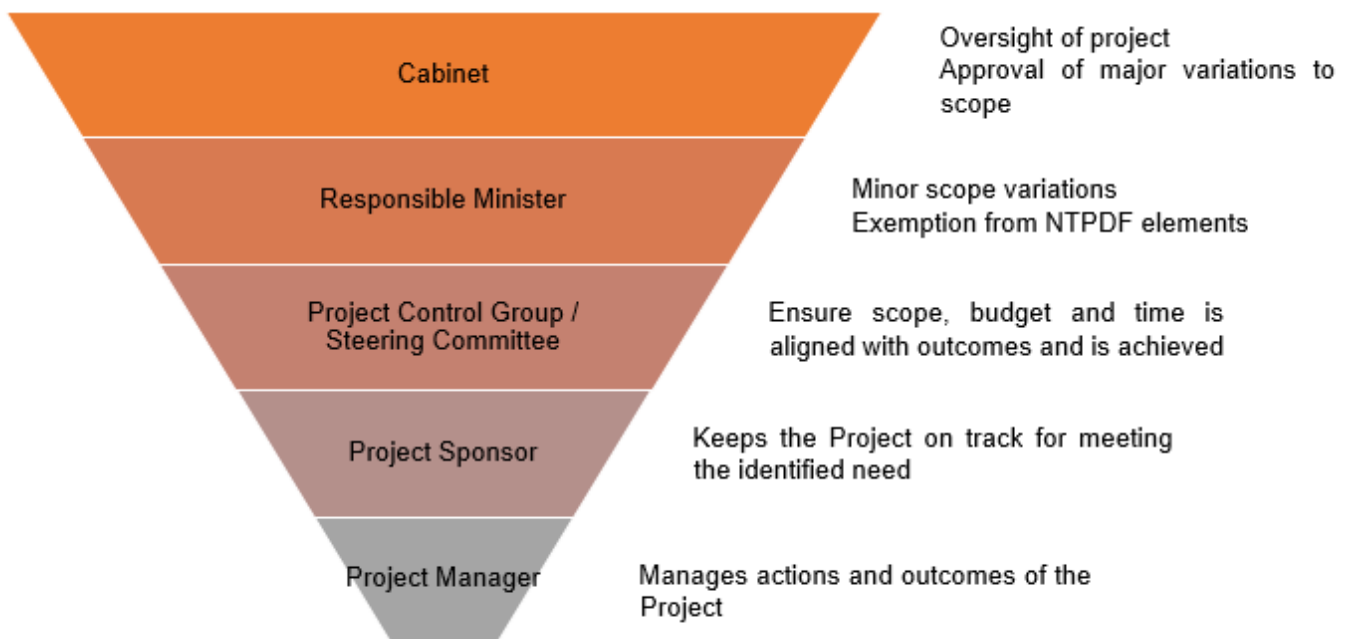
6. Project Governance and Assurance

6.1. Governance Arrangements

This section outlines project governance arrangements that will be followed for the next phase of the project. This will be confirmed as part of the Phase 2 approval process.

<Insert governance model used for the project describing the involvement of each party>

The typical governance structure is set out below:



Cabinet

Considers business case and makes investment decision

Responsible Ministers

Provides oversight of items raised for approval by the Cabinet.

Project Control Group / Steering Committee

The Project Control Group/Steering Committee includes a representative from relevant business areas or agencies with the appropriate authority to take ownership of the operational decisions for their areas. The Group/Committee will provide assurance and independence to the decision making process.

Project Team

The project shall employ the following project team roles (add/remove as needed).

- A Program Manager and/or Project Director
- A Project Manager for each area
- Procurement Officer

The above list is not exhaustive and provides an indication only of resource requirements. The allocation of these roles could be sourced through a combination of internally and externally provided resources.

External Partnerships

If an external partnership is part of this project, describe what resources they shall be providing. Outline the details of their participation in the project and how their actions will be governed.

An external professional services agency may be engaged to review and validate project progress on time, budget and quality reviewing deliverables.

Project Documentation

Set out the milestones and project documents that will be examined to ensure that the project remains on-track for success, as well as highlighting any potential shortcomings and/or corrective actions the project may need to undertake.

6.2. Communications Management

The communications plan will identify the parties with an interest in the project and define the most suitable means and frequency of project communications with them. The high-level approach the project will adopt for reporting and review is shown in the table below. A full plan will be developed as part of the Project Management Plan.

| Communication Item | Description | Detail |
|--|--|--|
| Progress report – NTPDF Highlight/Status Report | Rolled up status report showing status, schedule progress versus plan, budget actuals versus forecast and significant risks or issues for information of or requiring governance decision or assistance. | <Duration> <Frequency> <Audience> <Owner> |
| Internal Communications | Communicate the planned work and ensure all users are aware of the requirements. | <Duration> <Frequency> <Audience> <Owner> |
| Project team review meetings | Meetings to discuss current status, review open issues, risks, evaluate the impact of change items to the project schedule, re-negotiate commitments, and review near-term project events. | <Duration> <Frequency> <Audience> <Owner> |
| Other Agency review meetings | Meetings with other identified agencies to discuss current status, review open issues, evaluate the impact of change items to the project schedule, re-negotiate commitments, and review near-term project events. | <Duration> <Frequency> <Audience> <Owner> |
| External Clients | Communicate high-level work plan where relevant. | <Duration> <Frequency> <Audience> <Owner> |

6.3. Risk Management

Identifying, monitoring and mitigating project issues and risks is a fundamental element of project development. Risks should be considered and identified early in the planning process to ensure that activities can be planned to reduce the likelihood and impact of the risk occurring. Level 1 and Level 2 projects should use the NTPDF Project Risks Register template to identify risks and potential ways to manage those risks (mitigation strategies).

Once risks and their mitigation strategies have been identified and documented they must be scheduled for regular review throughout the life of the project. Continuously reviewing the risk register allows for active monitoring of the effectiveness of mitigation strategies and the consideration and inclusion of new risks as they may arise

Types of Risk

- Strategic Delivery - is the overall performance of the project and its ability to meet objectives or commitments
- Personnel - are those that impact on people including WHS and resourcing risks
- Legal/regulatory - those that result in a breach of statutory/regulatory or contractual compliance
- Technical – include design and engineering, manufacturing, test procedure risks
- Reputation/Stakeholder - include political risks and the reputation of not only the department but the government
- Finance - risks that may result in a loss of funds
- Other

| | |
|---------------------|--|
| Likelihood | The estimated probability that the risk will occur (Scale: unlikely, possible, likely, almost certain) |
| Impact | The estimated impact of the risk if it did occur (Scale: minor, moderate, major, catastrophic) |
| Risk Ratings | The overall risk rating: Low (L), Medium (M), High (H) or Extreme (E) is determined from the combined likelihood and impact values. The highest risks are those with high values for likelihood and impact, while the lowest risks have the lowest values. |

Likelihood Categories

| Probability | Definition |
|----------------|---|
| Almost Certain | Is expected to occur in most circumstances. 90% or greater chance of occurring over the life of the project. |
| Likely | Will probably occur in most circumstances. 65-90% chance of occurring over the life of the project. |
| Possible | Might occur at some time. 35-65% chance of occurring over the life of the project. |
| Unlikely | Could occur at some time. Less than 35% chance of occurring over the life of the project. |

Impact Categories

| Strategic Delivery | Finance, Legal and Regulatory | Reputation / Stakeholder |
|--|---|--|
| LEVEL 4. CATASTROPHIC | | |
| Community outrage | Large scale class action; Material breach of legislation with very significant financial or reputational consequences | Extended NT-wide adverse media coverage |
| Major adverse quality problem | Direct loss or cost overrun >20% of project value | Intervention by Minister |
| Major milestone missed by > 1 year | | |
| LEVEL 3. MAJOR | | |
| Failure to achieve some performance targets | Regulatory breach with material consequences but which cannot be readily rectified | On-going local, or NT- wide adverse media coverage |
| Major milestone missed by 6 - 12 months | Direct loss or cost overrun of 10-20% of project value | On-going local, or NT- wide adverse media coverage |
| LEVEL 2. MODERATE | | |
| Some reduction in performance | Regulatory breach with minimal consequences but which cannot be readily rectified | Individual complaints |
| Major milestone or deadline missed by 1 - 6 months | Direct loss or cost overrun 5-10% of project value | Local temporary adverse media |
| LEVEL 1. MINOR | | |
| Negligible performance reduction | Regulatory breach with minimal consequences and readily rectified | Negligible activity |
| Milestone missed by <1 month | Direct loss or cost overrun 0-5% of project value | Negligible activity |

Matrix for Rating Risks

| Likelihood | Consequence (Impact) | | | |
|-------------------|----------------------|-------------|----------|-----------------|
| | 1. Minor | 2. Moderate | 3. Major | 4. Catastrophic |
| 4. Almost Certain | Low | Medium | High | Extreme |
| 3. Likely | Low | Medium | Medium | High |
| 2. Possible | Low | Low | Medium | Medium |
| 1. Unlikely | Very Low | Low | Low | Low |

Risk Exposure Categories

| Risk Category | Description | Score |
|---------------|--|---------------------------------|
| Extreme | Immediate action required | Score of 16 |
| High | Senior Management attention needed | Score between 10-15 |
| Medium | Management Responsibility must be specified | Score between 5-9 |
| Low | Manage by Routine procedures Risk has been considered | Score between 2-4 Score of 1 |

Risk Management Strategies: Dominant Strategy

Risk Management Strategies are used to control a risk by reducing the likelihood or impact of a risk, avoiding a risk situation arising or transferring the responsibility of the risk to another party. Under each dominant strategy, specific actions should be identified and assigned to an Action Officer.

1. Likelihood Reduction – eliminating sources of risk or substantially reducing the likelihood of their occurrence.
2. Risk Avoidance – a particular case of likelihood reduction, where undesired events are avoided by undertaking a different course of action.
3. Impact Mitigation – minimising the consequences of the risk.
4. Risk Transfer – shifting responsibility of the risk to another party (also called risk sharing because risks can rarely be transferred or shed entirely).

6.3.1. Risk Management Plan

Risks have been used to formulate that basis of contingency allocation. Risks that are identified will be reviewed and updated regularly with stakeholder groups.

| Risk No. | Type of Risk | Description of Risk | Consequence | Likelihood of Risk | Impact of Risk | Exposure | Risk Mitigation Actions | Review Date | Owner |
|----------|-------------------------|---------------------|---|--------------------|----------------|----------|-------------------------|-------------|-------|
| 1 | Strategic Delivery | | Potential impact to schedule (delays) and or cost estimates | Possible | Major | Medium | | | |
| 2 | Finance | | Potential impact to schedule (delays) and or cost estimates | Almost Certain | Major | High | | | |
| 3 | Reputation/ Stakeholder | | Potential impact to schedule (delays) and or cost estimates | Possible | Moderate | Low | | | |

7. Endorsement & Gate Review

Seek agency endorsement in accordance with specific agency requirements.

Gate Review

Throughout the development of projects valued at \$30 million and above, there are key decisions that must be approved by the appropriate governance body. Agencies must submit strategic and detailed business cases and related proposal documents for such projects to the Project Appraisal Board for review and endorsement prior to seeking Cabinet approval for funding and progressing to the next stage of project development.

Under the NTPDF, the Project Appraisal Board is comprised of senior officials from relevant agencies and will ensure adequate details are provided in business cases.

The Project Appraisal Board has an assurance role which requires major project proposals to be critically analysed in terms of the quality of the business case, particularly estimates of cost, time and resources; and the level of confidence that the project will be successfully delivered on time, on budget and with planned benefits realised.

8. Next Steps

Should this Detailed Business Case be approved, the next stage is to utilise agency-specific project management tools to implement the project, including the performance measurement framework and collection of data for the performance baseline.

All projects valued at \$30 million or more are required, and other projects encouraged, to utilise the NTPDF Benefits Realisation template to evaluate the benefits that were originally expected from a given project. The document seeks to ensure/facilitate traceability of benefits throughout and post project delivery.

Post Implementation Review

Once all deliverables have been finalised and the asset has been commissioned and in operation, a post implementation review of the overall project should be undertaken.

The review will focus on the success factors and opportunities for improvement, including but not limited to:

- Review of final scope compared to original scope
- Analyse the actual outcomes of the project against the expected outcomes set out in Section 2.4.1.
- Assurance that the contract management plan captures the relevant contractual information
- Financial control and accuracy for project duration
- Influencing factors that changed, altered, impaired or improved the delivery of the project
- What opportunities remain going forward, and
- Complete a NTPDF 'Lessons Learned' Register.