



# Major Infrastructure Proposal Assessment Interim Guidelines

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### **Acknowledgment of Country**

Infrastructure WA acknowledges the Traditional Custodians of Western Australia and their continuing connection to the land, waters and community. We pay our respects to all members of the Aboriginal communities and their cultures; and to Elders both past and present.

## Contents

Contents.....	2
1. Introduction .....	3
1.1 Purpose and aims.....	3
1.2 <i>Infrastructure Western Australia Act 2019</i> .....	3
1.3 Major infrastructure proposals and investment decisions.....	4
1.4 Application of MIPA function.....	5
1.5 MIPA commencement .....	5
2. Existing process .....	6
2.1 Strategic Asset Management Framework .....	6
2.2 Infrastructure Australia .....	7
2.3 Gateway reviews .....	7
2.4 Market-led proposals .....	8
3. MIPA process.....	9
3.1 Step 1: Early-stage proposals .....	9
3.2 Step 2: Proposal development .....	11
3.3 Step 3: Formal proposal assessment .....	12
4. Required content in proposals .....	14
4.1 Step 1 requirements .....	14
4.2 Steps 2 and 3 requirements .....	14
5. MIPA approach .....	17
5.1 Assessment criteria .....	17
5.2 Reporting .....	18
6. Post-completion reviews .....	19
Appendix 1: Assessment report template .....	20
Appendix 2: MIPA assessment themes and criteria - consistent with IAAF.....	21

# 1. Introduction

## 1.1 Purpose and aims

The purpose of this document is to describe how Infrastructure WA (IWA) will assess major infrastructure proposals, as required by the *Infrastructure Western Australia Act 2019* (IWA Act).

IWA is required to review infrastructure proposals valued at \$100 million or more and provide a report to the Premier prior to an investment decision being made. A summary version of the report must then be released within 6 months. This function commences on 1 January 2022, with the process and requirements to be refined over time in collaboration with stakeholder agencies and government trading enterprises (GTEs).

These Major Infrastructure Proposal Assessment (MIPA) Interim Guidelines provide state agencies and GTEs (proponents) with guidance on how to navigate the requirements. This document sets out the steps under which proposals will be progressively assessed, and outlines the support available from IWA during the process. It sets out the content requirements for submissions to IWA and provides information on timing and interfaces with the established State Budget process.

### MIPA purpose and aims

- Improving the quality of major infrastructure proposals, optimising project or program value, and improving risk management
- Improving proponent application of Strategic Asset Management Framework and Infrastructure Australia requirements
- Reducing work on proposals that lack strategic merit or support at a particular point in time
- Improving linkages between major infrastructure proposals, strategic asset plans, the State Infrastructure Strategy (Strategy) and the 10-year State Infrastructure Program (SIP)
- Enhancing the external transparency of major infrastructure proposal decision-making

The MIPA process has been designed in collaboration with key agencies. IWA's assessment approach minimises the need for additional documentation or requirements, apart from the existing Strategic Asset Management Framework (SAMF) and the Infrastructure Australia Assessment Framework (IAAF) for projects seeking federal funding contributions. MIPA uses existing investment development processes and minimises duplication of effort by proponents where possible.

## 1.2 *Infrastructure Western Australia Act 2019*

IWA is established under the IWA Act, which legislates a range of interrelated functions and other roles that combine to support a more strategic and coordinated approach to infrastructure planning and prioritisation. The MIPA function is established under Section 8(1)(b) of the IWA Act, to assess and report to the Premier on major infrastructure proposals. Assessments must be completed in accordance with the following requirements, as set out in Sections 19 to 21 of the IWA Act.

- All major infrastructure proposals must be submitted to IWA, and IWA's assessment report on the proposal must be submitted to the Premier prior to the investment decision for the proposal.
- IWA is to prepare a report (and a high-level summary) containing its assessment.
- Proponents and IWA are to negotiate time frames for reporting on proposals.
- Assessment guidelines must be prepared by IWA, in consultation with the Premier, and made publicly available.
- Assessment summary reports must be made publicly available within 6 months of being provided to the Premier.

The IWA Act also enables the creation of regulations relating to MIPA. At this stage, no such regulations exist.

### **1.3 Major infrastructure proposals and investment decisions**

The IWA Act defines a 'major infrastructure proposal' as a proposal for an infrastructure project or for a program of infrastructure projects, where one or more of the following applies:

- the project has an estimated capital cost of \$100 million or more
- the program of projects has a combined capital cost of \$100 million or more
- a proposal is nominated by the Premier as a major infrastructure proposal
- a regulation has been prescribed by IWA.

MIPA will still apply if the WA Government's contribution to a major infrastructure proposal is less than \$100 million, such as in the case of a jointly funded proposal. For example, MIPA will apply if the WA Government is contributing \$50 million towards a \$200 million project (with the remainder funded by another party or parties).

The IWA Act defines infrastructure very broadly to include 'infrastructure that has, or is intended to have, economic, social or environmental value'.

Consistent with the SAMF, 'infrastructure projects and programs' includes all asset classes, including buildings, plant and equipment, rail, roads, ports, utilities and leased and/or acquired information communication technology. Where there is uncertainty whether a project or program will have an estimated capital cost of \$100 million or more, the proponent agency should seek to engage with IWA at early stage to seek advice on the need to prepare a MIPA compliant proposal.

Consistent with the definition set out in the IWA Act, the term 'investment decision' means the decision by the WA Government or a state agency to implement a major infrastructure proposal. This would typically be the point at which the Expenditure Review Committee (ERC) approves the business case, as defined by SAMF, but that may not always be the case.

The MIPA Interim Guidelines have been prepared with the expectation that business cases are generally the key document justifying a proposal. There may be instances where the WA Government may assign a notional amount of money to a project or program, but then require a business case or other documentation to be completed before a final decision is made by the government to implement the proposal. In these cases, the investment decision for MIPA's purposes would be the latter point when the government makes the final decision to implement the proposal.

Formal assessment of proposals by IWA must take place prior to submission to the ERC. The MIPA assessment reports must be attached to the ERC submission.

IWA will be pragmatic in carrying out the MIPA function to consider other relevant proposal documents such as Project Definition Plans or other documents that inform the WA Government's final investment decision.

#### **1.4 Application of MIPA function**

The MIPA function applies to infrastructure proposals with an estimated capital valued of \$100 million or more, by any WA Government agency, or by a GTE established by the following Acts:

- *Electricity Corporations Act 2005*
- *Port Authorities Act 1999*
- *Water Corporations Act 1995*
- *Western Australian Land Authority Act 1992.*

The MIPA function also covers a subsidiary of any of the GTE bodies referred to above. State agencies and GTEs established by these Acts are collectively referred to as 'proponents' in this document.

The IWA Act also sets out that the MIPA function applies to all major infrastructure proposals of state agencies, whether or not funding is sought from the WA Government or a state agency. MIPA will apply to proposals whether or not the infrastructure will be held by the WA Government or the state agency at any point in the asset lifecycle. This includes 'joint proposals', where a state agency enters into an arrangement with a non-WA Government entity for the provision of infrastructure or related services.

#### **1.5 MIPA commencement**

The MIPA function and implementation of these MIPA Interim Guidelines formally commences on 1 January 2022.

IWA will be collaborative and pragmatic in carrying out the MIPA function, particularly during 2022, recognising that proponents have so far had limited opportunity to engage with IWA on the new process and requirements. A key focus of the MIPA Interim Guidelines is on proponents continuing to follow existing requirements for good practice for infrastructure planning, as set out in SAMF.

In 2022, the MIPA Interim Guidelines will only apply to individual project proposals, and not infrastructure programs. Infrastructure programs will be phased in from 1 January 2023.

Updated MIPA Guidelines are proposed to be released by late 2022, to commence on 1 January 2023 and incorporate:

- finalisation of a refresh to the SAMF guidelines by the Department of Treasury, currently in exposure draft form
- any changes to SAMF to reflect the government's response to relevant recommendations in the final Strategy
- any relevant aspects of IAAF requirements that complement SAMF and that would add value to the quality and robustness of major infrastructure proposals
- details of how infrastructure programs will be assessed
- preliminary lessons learned from undertaking the MIPA function, including as part of the 2022-23 State Budget process.

## 2. Existing process

MIPA may integrate with multiple existing government processes and frameworks relating to public infrastructure investment. A brief overview of 4 key existing processes follows, along with information on how MIPA will relate.

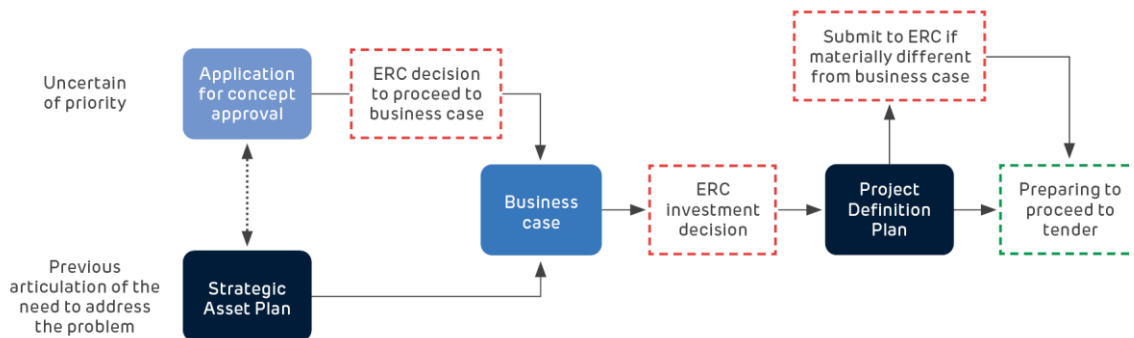
### 2.1 Strategic Asset Management Framework

The existing WA Government process for the planning, delivery and operation of infrastructure assets is set out in the Department of Treasury's SAMF. The SAMF applies to all general government agencies and GTEs.

The Department of Treasury released exposure draft updates to the business case and Strategic Asset Plan (SAP) guidelines in 2021. All references to SAMF in the MIPA Interim Guidelines are based on these exposure drafts. The refresh of SAMF will be finalised in 2022.

SAMF requires a business case for ERC consideration of capital proposals greater than \$5 million. An Application for Concept Approval (ACA) is sometimes prepared to inform a decision to proceed to the business case for a particular proposal. Business cases and ACAs are intended to be aligned with annually updated SAPs that establishes the business need for the proposal.

Project Definition Plans are required after business cases, with additional work on the deliverability aspects of the proposal (such as design, cost, procurement and risk). Project Definition Plans should also be submitted for ERC consideration if there is a significant departure from the business case. The overarching process and requirements for agencies and GTEs for infrastructure planning and decision-making is set out in Figure 1.



**Figure 1: SAMF process for infrastructure planning and decision-making**

As noted in Section 1.3, the IWA Act defines an investment decision as the decision by the WA Government (or a state agency) to implement a major infrastructure proposal.

The SAMF process shown in Figure 1 outlines a typical investment decision pathway. The MIPA Interim Guidelines also acknowledge that there may be some variation in documents and timings of investment decisions for some specific major infrastructure proposals. A central principle is that proposals submitted to IWA should address the SAMF-based content requirements expected of a major infrastructure proposal, as outlined in Section 4.

## 2.2 Infrastructure Australia

Infrastructure Australia (IA) is the Australian Government's independent infrastructure advisory body. IA has multiple functions, including the evaluation of large-scale infrastructure proposals.

The IAAF is designed to help proponents develop high-quality infrastructure proposals for submission to IA. It provides a national standard for infrastructure development and explains IA's requirements and process for evaluating proposals. The IAAF comprises 4 stages, as shown in Figure 2.



**Figure 2: Infrastructure Australia Assessment Framework stages**

IAAF Stage 1 and Stage 2 provide key inputs that feed into a full business case submission, which is then developed by proponents and evaluated by IA in Stage 3. While the 4 IAAF stages do not match the 3 MIPA steps, the overall intent of both processes align.

One of IWA's legislated functions is to review and coordinate the provision of WA's submissions to IA. The coordination of these submissions occurs under the direction of the Premier and in close collaboration with the Department of the Premier and Cabinet and the Department of Treasury. IWA also advises proponent agencies and GTEs on the development of IA submissions. WA makes submissions to IA under 2 main streams:

- For proposals without committed federal funding, submissions are made to seek a listing on the Infrastructure Priority List. IA will evaluate proposals of any potential capital cost, though it will consider whether the proposal is of 'national significance'. A key part of this determination is whether the underlying problems and opportunities that an infrastructure proposal is seeking to address are worth \$30 million or more per annum.
- For proposals with committed federal funding, WA is only required to make Stage 1–3 submissions to IA for evaluation if those proposals have a federal funding contribution of \$250 million or more.

These thresholds are higher than the \$100 million proposal value threshold for MIPA. However, \$100 million is of sufficient scale and risk that it is considered good practice for proponents to consider IAAF guidance material, in addition to MIPA requirements.

If a proposal is going to be assessed by IA, or has already undergone an IA Stage 3 assessment, IWA may determine on a case-by-case basis to only review the proposal under its IA review functions, rather than also assessing it under the MIPA process. The general intent is to remove unnecessary duplication between IWA and IA in the review of major infrastructure proposals, where appropriate.

## 2.3 Gateway reviews

The Gateway review process (Gateway) is designed to support agencies responsible for high-value/high-risk projects, services and programs. The Gateway unit in the Department of



Finance manages independent reviews of projects across 6 gates that span across the planning, delivery and early operational phases.

In 2022, proponents are required to comply with both the MIPA and Gateway requirements. While there is some potential alignment in the timing and intent of the respective processes, there is no formal interface between the MIPA function and Gateway reviews.

The Gateway process is currently under review by the Department of Finance. The draft Strategy recommends the development of an enhanced and rigorous risk-based project assurance approach. Any relevant outcomes will be appropriately reflected in future versions of MIPA Guidelines.

## **2.4 Market-led proposals**

A market-led proposal (MLP) is a proposal from the private sector to government to build and/or finance infrastructure, provide goods or services, or purchase a government-owned asset. The WA Government's MLP Policy provides a pathway for MLPs to be submitted and evaluated.

Under the MLP Policy, business cases for major infrastructure proposals should be referred to IWA for advice during Stage 2 (business case evaluation) of the MLP evaluation process. The MLP Steering Committee may also request IWA's advice on proposals at any other time.

Where the MLP is also a major infrastructure proposal (as defined above), IWA's review of the MLP business case will be consistent with the MIPA Interim Guidelines. This aims to provide a consistent approach, reduce duplication and improve efficiency.

### 3. MIPA process

The MIPA process comprises:

- Step 1: Early-stage proposals
- Step 2: Proposal development
- Step 3: Formal proposal assessment.

This process is described in sections 3.1, 3.2 and 3.3, and sets out how IWA will fulfil its legislated function to assess and report on major infrastructure proposals to the Premier prior to an investment decision.

In preparing major infrastructure proposals, proponents should focus on meeting current SAMF requirements. The MIPA Interim Guidelines only establish incremental changes, and IWA will remain pragmatic and collaborative when implementing these. The overall focus is on achieving good practice in infrastructure planning and delivery. The MIPA process and guidelines will be updated over time, as necessary.

The submission of proposals and communication with IWA regarding the MIPA function should be via [proposals@infrastructure.wa.gov.au](mailto:proposals@infrastructure.wa.gov.au).

#### 3.1 Step 1: Early-stage proposals

The purpose of Step 1 is to identify, review and compile an annual advice on a pipeline of early-stage proposals that may be developed further for a future investment decision, generally at some point within the next 10-years. IWA's annual advice on early-stage proposal assessments is provided to the Premier, along with feedback to the proponent.

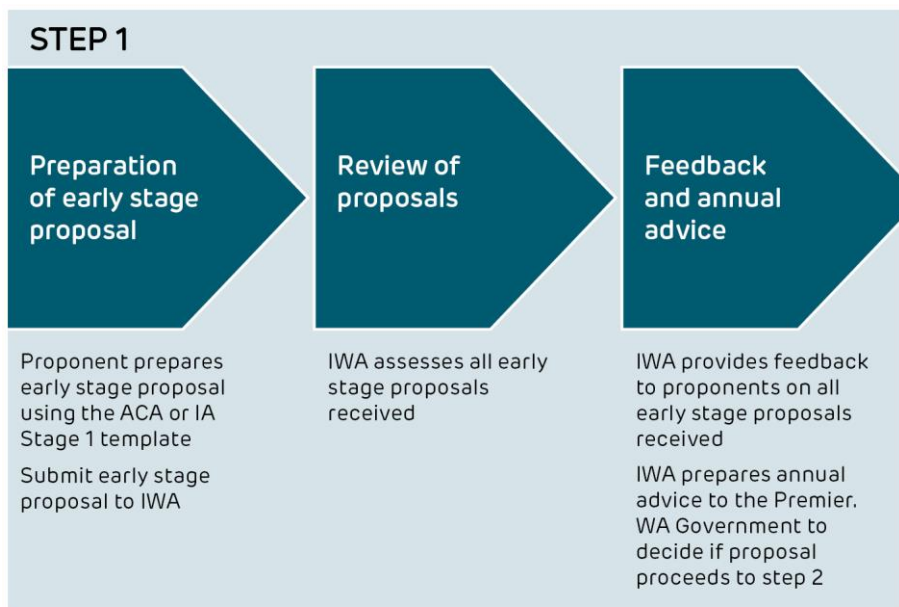


Figure 3: MIPA Step 1 process

MIPA does not change the way in which early-stage proposals are initially identified. Project ideas can come from a wide range of sources, such as SAPs, ACAs, other internal analysis,

election commitments and Ministerial directions. Proponents should continue to develop SAPs, business cases and budget submissions as per existing requirements.

Step 1 commences with proponents developing early-stage proposal documents. These will generally only be for proposals with a potential capital value of \$100 million or more. This document can be either a SAMF ACA or an IA Stage 1 submission. If preparing an ACA, proponents should follow the requirements outlined in the SAMF Business Case Guidelines exposure draft and separate SAMF ACA guidelines. Refer to Section 4 for further details on content requirements.

Early-stage proposals may be submitted to IWA at any time throughout the year. IWA staff will engage with proponents and provide feedback.

IWA will also prepare annual advice to the Premier on all early-stage proposals received. This will include advice to inform the WA Government’s decision on whether to proceed with further proposal development in that year. To be considered in IWA’s annual advice to the Premier, proponents must provide the early-stage proposals to IWA by no later than the end of September each year.

This annual advice will be finalised in time to help inform any related request for funding for proposal development. This could occur as part of a subsequent State Budget process.

This annual Step 1 process will help to identify a pipeline of early-stage proposals. It also directly links with other related IWA functions and roles. This includes assisting Treasury with the review of SAPs, the review and coordination of IA submissions and the annual preparation of government’s 10-year SIP from 2023.

Step 1 ensures proper consideration at an early stage of the relative merit of proceeding with the development of proposals. It also allows IWA to improve infrastructure coordination by identifying proposals that may be interrelated (for example, proposals being considered by other agencies in the same location) or that are addressing a related problem.

Early consultation with IWA is recommended where early-stage proposals development indicates that an infrastructure solution may have a capital cost of \$100 million or more. Proponents are also advised to liaise with IWA if the proposal is likely to be appropriate for seeking federal funding or submission to IA.

**Table 1: MIPA Step 1 – summary of current status and proposed changes**

What stays the same for proponents	What changes for proponents
<ul style="list-style-type: none"> <li>• SAMF guidance in preparing SAPs, ACAs and business cases</li> <li>• State Budget processes as set out by the Department of Treasury</li> <li>• SAPs set out a pipeline of potential infrastructure investments</li> <li>• SAPs are sent to the Department of Treasury as part of budget submission and reviewed by the Department of Treasury and IWA</li> <li>• Proponents liaise with IWA on the preparation of IA submissions</li> </ul>	<ul style="list-style-type: none"> <li>• Agencies prepare and send early-stage proposals to IWA, as an ACA or IA Stage 1 submission</li> <li>• IWA’s MIPA Step 1 assessment of early-stage proposals forms annual advice to Premier</li> <li>• IWA’s MIPA Step 1 assessment informs government’s selection of IA submissions and SIP preparation</li> </ul>

### 3.2 Step 2: Proposal development

The purpose of Step 2 is to develop high-quality documentation for proposals to inform a final investment decision by government, with appropriate involvement by IWA to streamline the formal assessment that occurs in Step 3.

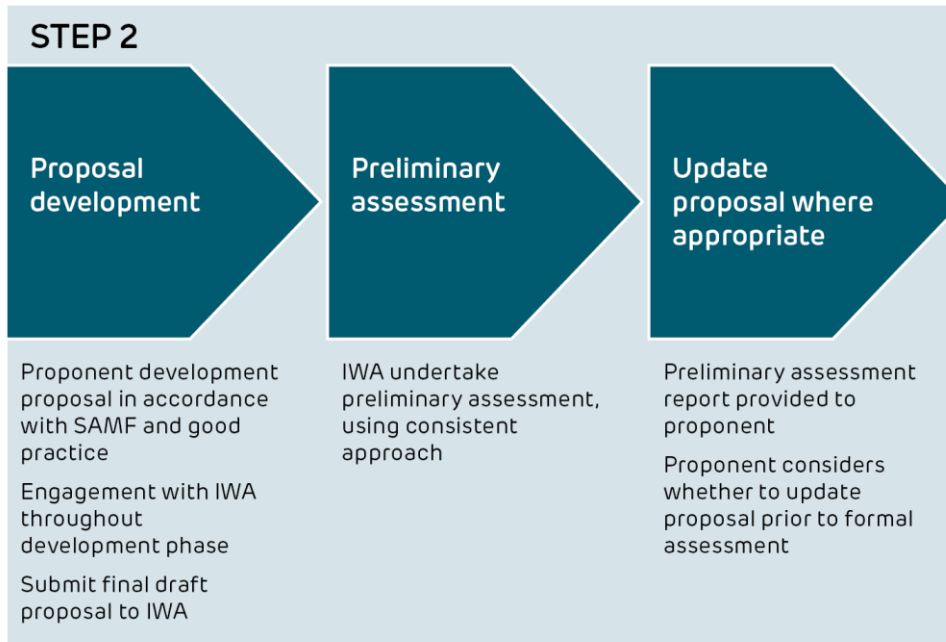


Figure 4: MIPA Step 2 process

Step 2 involves proponents developing their proposals and keeping IWA informed of their progress, and IWA participating in governance committees as a non-voting observer/advisor. IWA provides guidance as required and undertakes a preliminary assessment of the final draft proposal (for example, a business case or other relevant documentation) before it is submitted for investment decision consideration.

Proponents may develop proposals that have already been publicly and formally committed to by government, even if they have not been through MIPA Step 1. This includes election commitments, proposals listed in State Budget papers and proposals announced in a Ministerial media statement.

Proponents should consult with IWA throughout the development of major infrastructure proposals, including those that have not been considered in MIPA Step 1. Through this involvement, IWA will focus on providing advice to proponents that improves the quality of proposals.

The value of IWA involvement in proposal development includes:

- identifying key opportunities and risks that may require further consideration before the proposal is finalised
- expediting the timing for the subsequent assessment of the proposal by IWA
- assisting with interpretation, techniques and practical application of relevant guidelines and methodologies
- supporting consistency in proposal content and quality across the public sector.

Step 2 concludes with a preliminary assessment of the final draft proposal by IWA, including endorsement of the assessment outcome by the IWA Board. IWA will generally take up to 4 weeks to undertake the preliminary assessment. Assessment timing will be discussed when the final draft proposal is received. IWA will provide the preliminary assessment report to the proponent for their consideration. The preliminary assessment report will not be provided to the Premier or ERC.

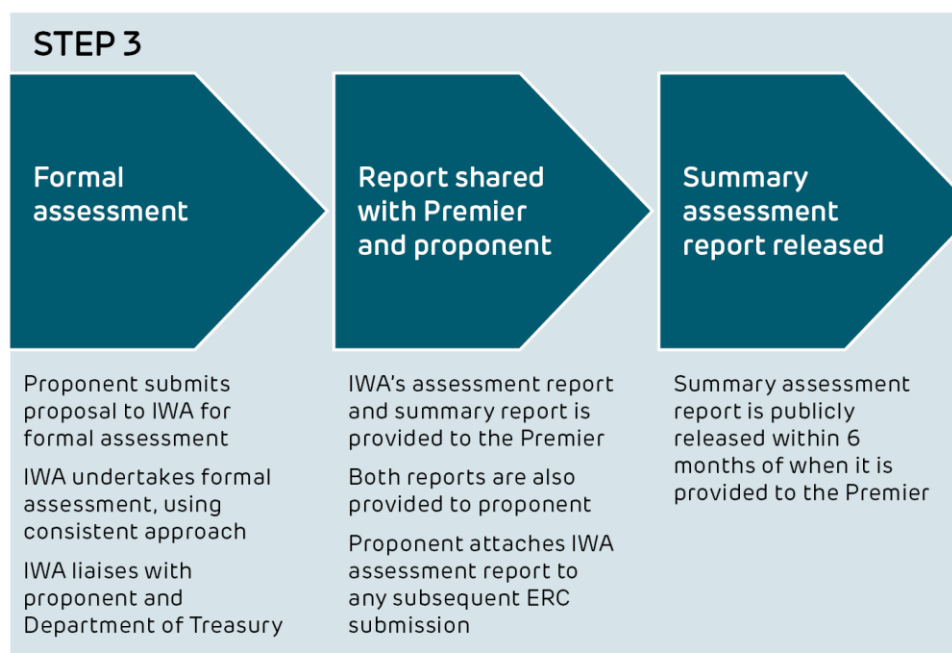
Based on this, the proponent can update the proposal if necessary and submit it for formal investment decision consideration. This is intended to help streamline the formal assessment of proposals and focus the Step 3 assessment on any subsequent content changes.

**Table 2: MIPA Step 2 – summary of current status and proposed changes**

What stays the same for proponents	What changes for proponents
<ul style="list-style-type: none"> <li>Proponents develop proposals (business cases or other relevant documentation) in accordance with SAMF guidelines</li> <li>Ongoing engagement with the Department of Treasury</li> </ul>	<ul style="list-style-type: none"> <li>Engagement with IWA throughout development of the proposal (business case or other relevant documentation)</li> <li>IWA preliminary assessment of final draft proposal</li> <li>Preliminary assessment considered by proponent before proposal is finalised</li> </ul>

### 3.3 Step 3: Formal proposal assessment

The purpose of Step 3 is for IWA to formally assess finalised proposals that have been submitted for formal investment decision consideration by government.



**Figure 5: MIPA Step 3 process**

A formal investment decision is typically made through ERC consideration of a business case or other proposal documentation. Proponents should seek to provide IWA with advanced notification of the anticipated timing of the submission.

While Step 3 formal proposal assessments may occur at any time throughout the year, many formal assessments will probably occur in the lead-up to the annual State Budget process. Major infrastructure proposals are often included as part of the proponent’s budget submission provided to the Department of Treasury each year. Step 3 formal assessment of proposals by IWA must take place prior to submission to ERC. The MIPA assessment reports must be attached to the ERC submission.

The timing available for IWA to complete a formal assessment could vary.

As required by the IWA Act, IWA will negotiate with the proponent about the time frame for reporting on the proposal. Following the Step 2 preliminary assessment, the Step 3 formal proposal assessment may be streamlined, focusing on any subsequent changes to proposal content and assessing whether any feedback raised in the Step 2 preliminary assessment has been adequately addressed.

Step 3 formal proposal assessments will be carried out in parallel with a review of the proposal by the Department of Treasury. Interactions between IWA, Department of Treasury and the proponent will generally take place to finalise complementary respective advice. The IWA assessment will focus on whether the proposal is appropriate to inform an investment decision by government (see Section 5).

For complex projects, the proponent may be asked to provide a briefing to IWA.

The IWA Act requires that 2 assessment reports be provided to the Premier: a full report and a summary report (see Section 5). IWA’s assessment reports must be provided by proponents to ERC as attachments to the submission, to inform any deliberations that may lead to an investment decision. The assessment reports will also be provided to the proponent and the relevant Minister. The IWA Act also requires that a summary of IWA’s assessment report be made publicly available within 6 months of being provided to the Premier.

**Table 3: MIPA Step 3 –summary of current status and proposed changes**

What stays the same for proponents	What changes for proponents
<ul style="list-style-type: none"> <li>• Proponents develop proposals in accordance with SAMF guidelines (and IAAF where relevant)</li> <li>• State Budget and ERC processes</li> <li>• Proponents prepare and submit proposals for investment consideration</li> <li>• Proponent engagement with Department of Treasury</li> </ul>	<ul style="list-style-type: none"> <li>• Proposal provided to IWA for formal assessment under IWA Act</li> <li>• Formal assessment reports provided to the Premier, the proponent and the relevant Minister</li> <li>• Formal assessment reports by IWA attached to the ERC submission</li> <li>• Proponent allows sufficient time for IWA to complete assessment</li> <li>• IWA summary assessment made publicly available within 6 months of being provided to the Premier</li> </ul>

## 4. Required content in proposals

### 4.1 Step 1 requirements

Section 3.1 outlined Step 1 of the MIPA process. At Step 1, the proponent should prepare and submit an early-stage proposal to IWA either as an:

- ACA document as per the [SAMF guidelines](#), or
- IA Stage 1 [submission](#), as per the IAAF guidelines.

Proponents can determine which template is more appropriate to use for their early-stage proposal. However, where a proposal is intended for submission to IA only, the IA Stage 1 template should be used.

An ACA should be produced as an early-stage version of a SAMF business case, in the same template structure. This requires preliminary content on the strategic justification, alternative options and deliverability. In contrast, the IA Stage 1 submission template is more focused on strategic justification, including articulating and quantifying the underlying problems and opportunities.

Monetisation (converting the quantitative analysis to dollar values) is a key step that is set out in the IA Stage 1 submission template. Consistent with SAMF guidance, problem or opportunity monetisation should be undertaken, if feasible, to strengthen the justification for a proposal. Qualitative assessment should also be included for underlying problems and opportunities that cannot be quantified or monetised.

Under either template, content should align with other strategic planning material content in relevant documents (for example, the Strategy, SIP and SAP). It should also be based on existing and forecast asset performance.

### 4.2 Steps 2 and 3 requirements

MIPA content requirements at Step 2 and Step 3 are the same as those set out in the SAMF [Business Case Guidelines](#) and [Business Case Template](#) exposure drafts. A refresh of these documents will be finalised by the Department of Treasury in early 2022. The key information requirements of the SAMF are shown in Figure 6.

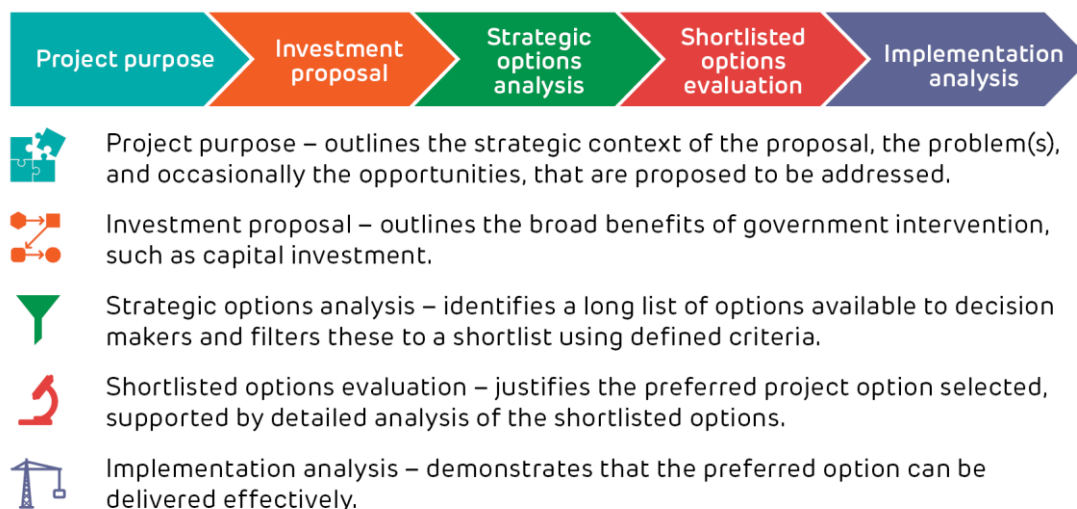


Figure 6: Core components of a SAMF business case

IWA recognises that other frameworks may also provide valuable guidance on good practice considerations for large infrastructure proposals. IWA has recommended a range of enhancements to SAMF requirements in the draft Strategy. In parallel to the SAMF refresh, the draft Strategy will be finalised in early 2022 and the government response will be released. Given this status, these recommendations are not yet mandatory content, although IWA strongly encourages proponents to consider them when developing major infrastructure proposals.

The IAAF provides a comprehensive suite of assessment criteria, requirements and guidelines appropriate for large infrastructure projects. In contrast, SAMF guidance material set out high-level requirements that can be applied to a variety of project sizes. Despite these alternative approaches, the underlying logic and sequence of information requirements set out in respective SAMF and IAAF guidelines are closely aligned. Where a proposal is intended for submission to IA, any additional mandatory requirements set out in the IAAF must be followed.

Given the status of the SAMF exposure drafts, draft Strategy and the more specific requirements of the IAAF, MIPA Final Guidelines will be developed in 2022 in consultation with key stakeholders, and will commence from 1 January 2023. This will provide further clarity on any requirements for major infrastructure proposals.

Table 4 summarises areas of good practice business case content. These are based on relevant draft Strategy recommendations and IAAF requirements and are cross-referenced against the main sections of the SAMF Business Case exposure draft.



**Table 4: Good practice business case content for major infrastructure proposals**

SAMF business case exposure draft section	Themes of relevant draft Strategy recommendations	IAAF requirements – good practice for MIPA, mandatory for IA submissions
Project purpose and investment proposal	<ul style="list-style-type: none"> <li>• Alignment with broad WA Government policies, including in climate, Aboriginal procurement, economic development, market capacity, skills and public health</li> <li>• Use existing WA Government datasets, such as WA Tomorrow population forecasts</li> <li>• Interrelated infrastructure needs beyond the primary investment</li> </ul>	<ul style="list-style-type: none"> <li>• Quantify the cost of the problems and value of the opportunities, in monetary terms where possible</li> </ul>
Strategic option identification and analysis	<ul style="list-style-type: none"> <li>• Digital options, both as an alternative option as well as digital components within build option</li> </ul>	
Shortlisted options evaluation	<ul style="list-style-type: none"> <li>• Climate-related aspects of options, including emissions profile, alignment with government policy, potential climate change impacts and resilience</li> <li>• Alternative funding opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Recommends (but does not require) that a final business case includes at least 2 options for funded projects</li> <li>• Design to an appropriate level to underpin cost estimate (with defined estimate class), and probabilistic capital cost estimate</li> </ul>
Implementation analysis	<ul style="list-style-type: none"> <li>• Cybersecurity as part of risk management</li> <li>• Industry skills, capability and capacity</li> <li>• Aboriginal engagement and employment</li> <li>• Appropriate sustainability ratings tool</li> <li>• Commitment to undertake post-completion review</li> <li>• Realistic time frames and cashflows</li> </ul>	<ul style="list-style-type: none"> <li>• Delivery and procurement strategy includes market assessment of capability and capacity</li> </ul>

Consistent with SAMF and IAAF, MIPA assessments do not require detailed analysis of theoretical alternative options (such as thorough engineering, design, cost estimates or benefit calculations) for proposals where government has formally and publicly committed to a specific solution. However, sub-options within the committed scope and broader, interrelated opportunities may require further consideration.

## 5. MIPA approach

### 5.1 Assessment criteria

The primary focus of the Step 2 and Step 3 assessments are to assess whether a major infrastructure proposal is suitable to inform an investment decision.

For each MIPA assessment criteria, 2 main factors will be assessed:

- Does the proposal contain information to address the MIPA content requirements and assessment criteria?
- Is the content of sufficient quality relative to the proposal's scale, complexity and risks to inform an investment decision by government?

MIPA adopts the 3 assessment criteria and 15 themes from the 2021 IAAF, as set out in Table 5, with further guidance in Appendix 2. The IAAF documentation provides more detailed guidance on each of these assessment criteria and themes. These are consistent with SAMF requirements.

Not all themes will be relevant to all proposals. IWA will not determine numeric scores for assessment criteria and themes, and the themes do not have weightings. IWA will consider both the positive and negative aspects of each proposal, with a 'due diligence' focus on any apparent critical issues, or any other strategic issues falling outside the scope of the themes and criteria.

The MIPA assessment criteria and themes may be applied through each of the 3 steps, though the relative focus will shift. For Step 1, there will be a strong focus on the strategic fit including alignment with Strategy, SIP and SAP. For Step 2 and Step 3, there will be a strong focus on societal impact and deliverability.

**Table 5: IAAF and MIPA assessment criteria**

Assessment criteria	Themes
Strategic fit	<ul style="list-style-type: none"> <li>• Case for change</li> <li>• Alignment</li> <li>• Network and system integration</li> <li>• Solution justification</li> <li>• Stakeholder endorsement</li> </ul>
Societal impact	<ul style="list-style-type: none"> <li>• Quality of life</li> <li>• Productivity (economic)</li> <li>• Environment</li> <li>• Sustainability</li> <li>• Resilience</li> </ul>
Deliverability	<ul style="list-style-type: none"> <li>• Ease of implementation</li> <li>• Capability and capacity</li> <li>• Project governance</li> <li>• Risk</li> <li>• Lessons learnt</li> </ul>

IWA will consider both quantitative and qualitative analysis. IWA staff will be responsible for leading MIPA assessments and may engage external assistance where needed.

Although the formal assessment of a proposal is completed at Step 3, MIPA Step 1 and Step 2 are also undertaken with the ultimate objective in mind to assist proponents with the business case development process.

IWA will engage with proponent staff throughout the 3 MIPA steps to advise on the development of each proposal. This is intended to ensure all MIPA requirements are clear, and that proposal documentation is well developed by the final assessment.

## **5.2 Reporting**

IWA will provide feedback to proponents for all Step 1 early-stage proposals received. IWA will provide consolidated annual advice relating to all assessed Step 1 early-stage proposals to the Premier.

The Step 2 preliminary assessment will have one output: a preliminary assessment report. This will be in the same format to the Step 3 formal proposal assessment report. The preliminary assessment report will be provided to the proponent for consideration prior to submitting the final proposal documentation to ERC for a final investment decision.

The Step 3 formal proposal assessment will have 2 outputs: an assessment report and a high-level summary report.

Following IWA Board approval, both reports will be provided to the Premier prior to an investment decision being made by government, as required by the IWA Act. IWA will also provide both reports to the proponent agency or GTE.

IWA will publish the summary report on its website within 6 months of it being given to the Premier.

Both reports will use a simple structure that is aligned with these MIPA Guidelines, SAMF Business Case Template and the 3 assessment criteria. The structure of individual assessment reports may be tailored over time. The templates for the reports are attached at Appendix 1.

## 6. Post-completion reviews

In addition to the MIPA function, IWA has a further legislative function to review and report to the Premier on completed infrastructure projects. All proposals that undergo a MIPA Step 3 formal proposal assessment, and which then proceed to delivery and operation, will be subject to a post-completion review.

The SAMF, draft Strategy and the IAAF emphasise the importance of post-completion reviews and ongoing benefits management. These can help to understand the extent to which project objectives and investment benefits have been achieved.

It is expected that the way IWA will undertake its post-completion review legislative function will be commensurate with the complexity, risk, delivery and operational performance of the infrastructure project or program. This could potentially include Gateway post-completion reviews (Gate 6), post-completion reviews directly by IWA or post-completion reviews by the delivery agency or GTE with IWA's involvement. Further guidance material will be prepared in due course with regards to undertaking post-completion reviews.

## Appendix 1: Assessment report template

1. IWA findings/recommendations
2. Context
  - 2.1. Project background
  - 2.2. IWA involvement
3. Strategic merit
  - 3.1 Alignment
  - 3.2 Problem/opportunity
4. Options assessment
5. Societal impacts
  - 5.1. Economic and financial assessment
  - 5.2. Social assessment
  - 5.3. Environmental assessment
6. Recommended option: project definition
7. Deliverability

## Appendix 2: MIPA assessment themes and criteria - consistent with IAAF

Criteria	Theme	How content will be considered
<b>Strategic fit</b> There is a strong case for action, the proposal aligns with the achievement of stated goals, and there is a clear fit with the community.	<b>Case for change</b>	The underlying causes and effects of the problems and opportunities make a clear case for the proposal.
	<b>Alignment</b>	The proposal directly contributes to relevant national, state, territory and local government goals, objectives, policies and strategic plans.
	<b>Network and system integration</b>	The proposal is compatible with the existing and future infrastructure network, system or place in which it is situated. It is an essential part of the coherent program of work.
	<b>Solution justification</b>	The proposal is the most appropriate response to addressing the problems and opportunities.
	<b>Stakeholder endorsement</b>	There is sufficient support for the proposal and buy-in from identified beneficiaries, stakeholders and/or community that it responds to their needs.
<b>Societal impact</b> The social, economic and environmental value of the proposal is clearly demonstrated by evidence-based analysis.	<b>Quality of life</b>	The proposal will improve the quality of life of Australians.
	<b>Productivity</b>	The proposal will improve productivity of the economy, by reducing costs and/or increasing the output of production activities.
	<b>Environment</b>	The proposal identifies environmental effects and a plan is in place to manage them.
	<b>Sustainability</b>	The proposal meets the needs of the present without compromising the ability of future generations to meet their own needs.
	<b>Resilience</b>	The proposal improves the community's ability to anticipate, resist, absorb, recover, transform and thrive in response to shocks and stresses, to realise positive social, economic and environmental outcomes.
<b>Deliverability</b> The proposal is capable of being successfully delivered, with risks being identified and sufficiently mitigated. A plan is in place to realise the benefits.	<b>Ease of implementation</b>	There are deliverable solutions for responding to the problems and opportunities.
	<b>Capability and capacity</b>	The Proponent and the industry have appropriate skills and capacity to deliver the proposal.
	<b>Project governance</b>	The governance and procurement model is appropriate for successful delivery.
	<b>Risk</b>	The risks of delivering the proposal have been identified and can be appropriately managed.
	<b>Lessons learned</b>	Lessons from similar projects have been used to inform analysis during each stage of project development. A post completion review has been considered, with a measurement strategy in place.