
Appendix 4 – Principles of public expenditure for major infrastructure projects and grants administration

Key principles of public expenditure for capital projects

Legislation, policies and government guidance documents set out expectations for the effective management of capital projects. Government sector agencies must ensure that projects provide value for money, appropriately mitigate risks, and are consistent with the NSW Government's fiscal and infrastructure priorities and strategies. Additionally, agencies should invest in infrastructure that has the 'highest benefit for the community'.

The *Government Sector Finance Act 2018* (the GSF Act), *Government Sector Employment Act 2013* and the *Fiscal Responsibility Act 2012* establish principles for public administration and the use of government resources and related money, expenditure governance and compliance, investment assurance and probity. Under these principles, public officials and public servants are expected to, among other things:

- establish sound financial and asset management processes
- ensure efficient, effective and prudent management of public money
- provide frank, honest and timely advice to the government of the day.

Under the *State Records Act 1998*, each public office must make and keep full and accurate records of its activities.

NSW Treasury guidance further sets out requirements for government agencies and officers, including budget controls, expenditure and funding decisions, performance management and reporting, infrastructure and asset maintenance and enhancement, and risk management.

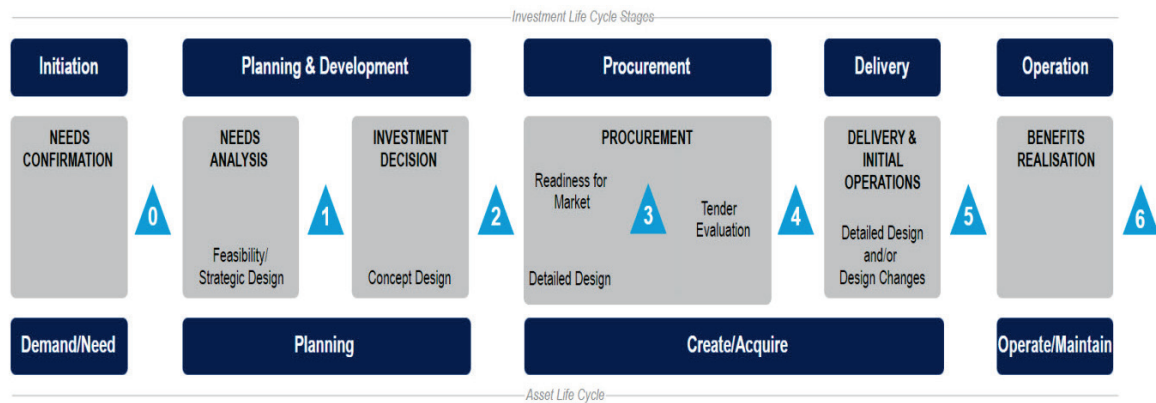
The NSW Government has also established a Gateway Policy and the Infrastructure Investor Assurance Framework (IIAF) to guide evidence-based decision making on infrastructure across the investment lifecycle.

In November 2024, the NSW Government published updates to its business cases and assurance requirements, to support the acceleration of infrastructure delivery, where feasible. These updates applied to Transport for NSW's (TfNSW) management of the capital infrastructure projects funded from the RRF. The IIAF was updated again in March 2026. The audit did not assess TfNSW's compliance with this version of the framework.

Transport for NSW capital project management framework

TfNSW capital projects typically follow an investment lifecycle that progresses through project initiation, planning and development and through to procurement, delivery and operations (Exhibit 9). At each stage, there are expected governance and assurance expectations, including gateway processes.

Exhibit 9: TfNSW Project Investment Life Cycle



Source: Transport for NSW 2025.

TfNSW has developed a policy framework and guidance to help its staff comply with government policy and guidance expectations in the context of transport infrastructure projects. This includes TfNSW's:

- Finance and Investment Policy,³⁵ which sets out principles and requirements to ensure TfNSW achieves value for money and effective and sustainable management of finance and investment.
- Investment and Assurance Standard, which supports the Finance and Investment Policy and explains the high-level requirements for investment and assurance, including compliance obligations from NSW Treasury and the GSF Act.
- Capital Portfolio Management Standard and Capital Portfolio Management Principles, which support the Finance and Investment Policy by setting out requirements for capital projects investment governance and assurance.
- Integrated Framework for Capital Projects and associated frameworks including the TfNSW Capital Projects Lifecycle Framework, Capital Projects Integrated Assurance Guidelines, Capital Projects Budget and Contingency Management Framework, which set out how capital projects across TfNSW are to be initiated, developed and delivered.³⁶
- Integrated Governance Framework for Capital Projects, which sets out project governance requirements to guide structured decision-making and delegations across project life cycles.
- Delivery & Governance Framework, which sets out the structure, guidance, and tools for managing and governing programs and portfolio including relevant roles and responsibilities.
- business case guidelines, including the 'Transport for NSW Business Case Guide' and specific guidelines for Tier 1, Tier 2, Tier 3 and Tier 4 initiatives.
- TfNSW Cost Benefit Analysis Guide.
- Estimating Procedure, to assist TfNSW staff and industry partners to estimate the cost of infrastructure construction projects.

Infrastructure investor assurance framework

NSW Treasury guidelines and assurance requirements in place at the time the RRF was established required compliance with the September 2022 version of the IIAF and the NSW Treasury Gateway Policy. Under the IIAF and the Gateway Policy, all capital projects with an estimated total cost (ETC) over \$10 million had to be registered on the Infrastructure NSW (INSW) Assurance Portal. Depending on the project risk and capital costs, projects were assigned a project tier and an associated assurance pathway and activity – including 'Gateway Reviews', 'Health Checks' and 'Deep Dives'.

³⁵ TfNSW updated its Finance and Investment Policy in November and December 2025. The audit considered both iterations of the policy, as relevant to decisions made and processes followed at the relevant point in time.

³⁶ TfNSW has transitioned to a new operating model. These policies and frameworks were relevant to decisions made on RRF projects across the audit period.

In November 2024, the NSW Government updated its expectations and requirements for the assurance pathways for major capital projects, increasing the minimum ETC to over \$20 million for registration with INSW.

Business case guidelines

At the time the RRF was established, NSW Treasury guidance documents set out requirements for the contents, form and submission of business cases. Under this guidance:

- projects with an ETC between \$10 million and \$100 million were required to be supported by short-form strategic and detailed business cases
- projects with an ETC above \$100 million were required to be supported by business cases using a more detailed (long-form) template.

In both cases, business cases were required to be submitted to NSW Treasury.

In November 2024, NSW Treasury issued updated the NSW Government Business Case Guidelines. These guidelines aligned the compliance thresholds and amounts with the IIAF project tiers. For Tier 4 projects and those with an estimated cost between \$10 million and \$20 million, business cases were no longer required, but a short-form assessment (which applied business case principles and concepts in a simplified format) was to be used. Short-form assessments for such projects were required to be submitted to NSW Treasury.

Fast-track business case and assurance processes

In November 2024, NSW Treasury also issued guidance that outlined a ‘fast-track’ process to enable partial or full exemption under limited circumstances with the NSW Government Business Case Guidelines and the IIAF. The fast-track process can be applied in circumstances where projects with INSW assigned Project Tiers 2 or 3 and meet the following conditions:³⁷

- are public government commitments approved by the Premier or Cabinet, such as election commitments
- have delivery timeframes that are publicly committed to by government
- have constrained options
- bypassing or altering business case and assurance requirements may create benefits that outweigh risks.

Fast track pathways do not apply for Tier 4 projects and below, given that a short-form assessment is required, rather than a business case. For Tier 3 projects with fast-track approval under Pathway 1 (i.e. those that meet fast-track criteria, but do not have a ‘well-developed scope’ or sufficient funding), a lean business case can be ‘abridged’ and a Gate 0 review is not required. An alternative fast track ‘Pathway 2’ exists for projects that meet fast-track criteria, have a ‘well-developed scope’ and sufficient funding – these projects are not required to be assured under Gate 0, Gate 1 or Gate 2, and are not required to a preliminary business case or full business case.

³⁷ Alterations to business case and assurance requirements are also possible for Tier 1 projects, if approved by Cabinet.

Grants administration

Grants Administration Guide

The Grants Administration Guide (the Guide) provides the framework for the administration of grants. It includes both principles-based guidance and mandatory requirements. Agencies and ministerial offices must comply with the mandatory provisions of the Guide.

Key requirements for planning, promoting and administering grants programs include:

- documentation and approval of the grant provision method (competitive or non-competitive, including one-off or ad hoc grants)
- development, approval and implementation of guidelines, eligibility criteria and assessment processes
- demonstration of value for money, including identifying benefits and costs
- identification and management of risks
- implementation of fraud controls and probity advice
- clear and documented advice to the decision-maker, and reasons for awarding grants and how these relate to value for money
- documentation and approval of any exceptions/variations to compliance with grant guidelines and eligibility criteria
- provision of clear and specific written terms and conditions for a grant to a recipient
- reporting and publication requirements.

Compliance with the Guide is a legislative requirement under s10.3A of the GSF Act.

Government employees who are administering grants are also required to comply with relevant provisions of other laws including:

- the *Government Sector Employment Act 2013*, which outlines the core values of the government sector, such as requirements to be fiscally responsible, to focus on efficient, effective and prudent use of resources and to provide transparency to enable public scrutiny
- the *State Records Act 1998*, which requires public offices to keep full and accurate records of their activities.