
Appendix five – Streamlined investment decision process for Health Capital Projects

Rationale for new process

NSW Health proposed a streamlined investment decision process to NSW Treasury in 2017 for health capital projects with an Estimated Total Cost above \$10.0 million. The proposal noted NSW Health was spending a significant amount of time and resources compiling information for business cases, including concept design and detailed construction information, it did not consider critical to the Government's investment decision.

It proposed an Investment Decision Template (IDT) be provided for these projects instead of a final business case to support the investment decision. The template includes only key project information required for State Budget approval.

Application of investment decision process

The new process applies to health capital projects above \$10.0 million rated as Tier 2-4 by Infrastructure NSW. It enables NSW Health to progress to detailed project planning and consultation following the Expenditure Review Committee's (ERC) approval and publication in the Budget Papers.

A final business case must still be submitted for a high profile/ high risk Tier 1 project unless it is within NSW Health's capital planning limits and Treasury agrees to using an IDT.

Planning and governance principles

The agreed principles for the new streamlined process require NSW Health and Treasury to review it regularly and ensure compliance with government policies and processes and that it is working effectively.

They also require NSW Health to ensure that all IDTs are supported by robust planning and governance processes in accordance with NSW Health's Process of Facility Planning.

Estimated Total Cost

The Estimated Total Cost (ETC) for the project should be based on Health Infrastructure's cost planning standards and include recurrent cost impacts expected at the time of facility commissioning.

NSW Health must comply with TC/12 Budget Controls Capital Expenditure Authorisation Limits by operating within approved Capital Planning Limits and seeking Treasurer agreement for any variations in ETCs above ten per cent from the original project approval.

Release of funds

The project approval for Tier 2-4 projects will enable ETCs to be published in the Budget Papers and release of funds for planning, enabling and early works on 1 July of the budget year of project commencement.

Funding for main construction is released following provision of the final business case to NSW Treasury.

Changes following initial project approval

On submission of the final business case to NSW Treasury, NSW Health is required to explain any major changes to project scope, program or budget initially approved with the IDT. Significant changes should be supported by robust governance and approval processes.

Any changes requiring ERC approval will only occur in exceptional circumstances, and the streamlined process will be revised if material costing variations emerge.

Source: NSW Health.