Gate 1: Information Requirements Explained

Gate 1: Initial selection		Guidance information
1.0 PROPOSAL DETAILS *Required information for Gate 1 assessment.*		
1.1	Proposal title	*The title should be short and descriptive, so that it is easily identified and can be distinguished quickly from other proposals.*
1.2	Proponent	*Provide details of the sponsoring proponent (name, position, organisation and contact details).*
1.3	Description	*What is the proposed service offering from a customer perspective; the performance specifications (e.g. type of infrastructure, train operations, other); and location (provide GIS coordinates if available)?* *Define the service elements of the project as appropriate (e.g. capacity, transit time, reliability) and the technical characteristics (e.g. train length, axle load, maximum speed).* *Performance specifications may include the reference train, operational specifications (e.g. clearances) and minimum design standards.* *Provide indicative upper and lower construction and total cost estimates.*
1.4	Background	*What existing infrastructure which the proposal will upgrade, expand, replace or otherwise change. If there is no 'existing infrastructure', detail the relevant existing characteristics of the site of the proposal?* *Please confirm that construction has not commenced and commitments are not in place for construction to commence in the future. Provide information on any previous studies or investigations relating to the proposal.*
2.0 PROBLEM OR OPPORTUNITY DEFINITION *Required information for Gate 1 assessment.*		
2.1	Description of the constraint or opportunity	*What is the problem, or constraint on an opportunity, that the project seeks to address, its causes and its consequences?*
2.2	Causes of constraint or source of opportunity	*Identifying cause is important in identifying robust solutions.* *Indicate if problems are related to inefficiencies in axle load, train length, average speed, or connectivity to Inland Rail [required for CLIP proposals].* *Indicate if opportunity constraints relate to increased productivity, supply chain resilience, or community resilience [required for PEP proposals}.*
2.3	Effects of constraint or opportunity	*Separating effects from causes can help ensure that options for solutions (below) address causes of problems, rather than just symptoms. Identifying effects can also be a first step to specifying the benefits of solutions (below).*

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3.0 STRATEGIC FIT *Required information for Gate 1 assessment.*		
3.1	Alignment with II Program Principles	*How will addressing the problem or opportunity constraint contribute to achievement of the CLIP or PEP objectives of the II Program?* *Indicate which of the II Program Principles apply. It is not expected that proposals necessarily contribute to the achievement of all principles.*
3.2	Alignment with other policies and programs	*Indicate, if appropriate, how the proposal may support other state or local government goals and objectives.*
3.3	Commercial and industry fit	*Indicate how the proposal will support economic growth by stimulating competition; lowering input costs; and/or improving supply chain resilience or reliability.* *What is the public interest in progressing the proposal? Is there a market failure contributing to the supply chain constraint?*
4.0 STAKEHOLDERS *Required information for Gate 1 assessment.*		
4.1	Direct beneficiaries	*In broad terms, how will the community and industry directly benefit from the proposal? Note: a detailed economic assessment of the direct and indirect benefits is required at Section 8: Benefits.*
4.2	Other affected stakeholders	*Identify how the proposal may impact the community and other stakeholders, and provide an indication of how these stakeholders may react to these impacts.* *Relevant stakeholders comprise all who may influence the project and/or will be affected by it, positively or negatively. For CLIP, they include: governments (State, Local); freight producer industry associations and companies (i.e. rail transport customers and potentially road transport customers); track owners and/or managers; above rail operators; logistics operators; affected property owners; and community organisations. For PEP, they will include, in addition, local business representatives.*
4.3	3rd party support	*Indicate the level of direct and/or in-kind financial support for the proposal should it be taken forward into an implementation phase.* *If there is 3rd Party direct funding and indirect (e.g. in-kind) support available, written evidence is required (e.g. letters of support, Council minutes).*
5.0 OPTIONS IDENTIFICATION AND ASSESSMENT *Required information for Gate 1 assessment.*		
5.1	Identified infrastructure solutions	*What alternative physical infrastructure options have been considered that may also address the identified problem or opportunity constraint?*
5.2	Identified policy and/or regulatory solutions	*What alternative "soft" solutions (i.e. policy or regulatory responses) have been considered that may also address the identified problem or opportunity constraint?*
5.3	Deliverability	*Of the identified alternative options, what is the relative ease of delivery should the proposal it be taken forward into an implementation phase.*
5.4	Sources of funding	*For each identified alternative option, describe how the options may be funded?*
5.5	Ranking of options	*How were the identified alternative solutions assessed, and what were the outcomes of the assessment?* *The Strategic Business Case assessment and Benefit-cost Analysis (Sections 6, 7, 8 and 9 below) may involve a single preferred option, or more than one option if appropriate. Where only one option is to be analysed, it is important to set out the basis for the assessed superiority of this option, consistent with the outcome of the Gate 2 Pre-Feasibility Phase.*

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6.0 DEMAND *Not required for Gate 1 assessment, but can be provided if available. Required information for Gate 2 assessment.*		
6.1	Current freight demand	*By commodity, what is the current level of freight demand that will be affected by the proposal?* *Provide as much quantitative information as is available including new survey or other primary research, where necessary.*
6.2	Future freight demand	*What is the projected future freight demand on a 'business as usual' basis?* *What is the projected future freight demand assuming the proposal(s) is implemented?* *Provide as much quantitative information as is available including new survey or other primary research, where necessary.*
6.3	Current network demand	*By mode, what is the current level of demand across the freight transport network that will be affected by the proposal?* *For CLIP proposals please provide information against relevant rail metrics, e.g. train frequency, capacity, length and, as applicable, road freight metrics, e.g. vehicle mass, length, number of movements.* *Provide as much quantitative information as is available including new survey or other primary research, where necessary.*
6.4	Future network demand	*What is the projected future network demand on a 'business as usual' basis?* *What is the projected future network demand assuming the proposal(s) is implemented?* *For CLIP proposals please provide information against relevant rail metrics, e.g. train frequency, capacity, length and, as applicable, road freight metrics, e.g. vehicle mass, length, number of movements.* *Provide as much quantitative information as is available including new survey or other primary research, where necessary.*
6.5	Reliability of estimates	*Provide a statement on the reliability of the demand estimates, noting methodological risks, variability in freight production, flows and consumption, and potential future 'disruptors' to the freight task.*
7.0 COSTS *Not required for Gate 1 assessment, but can be provided if available. Required information for Gate 2 assessment.*		
7.1	Capital costs	*What are the expected future capital costs in the 'do minimum' base case?* *What are the expected capital costs of the proposal(s)?* *Project capital costs cover all costs including labour associated with property acquisition, construction, materials, design and management, insurances, environmental and heritage mitigation and other aspects.*
		Capital costs should be shown in real 2019-20 prices. All capital costs should be shown at the P50 level.
7.2	Maintenance costs	*What are the expected future ongoing maintenance costs in the 'do minimum' base case?* *What are the expected future ongoing maintenance costs of the proposal(s)?* *Maintenance costs should be shown in real 2019-20 prices.*
7.3	Operating costs	*What are the expected future ongoing operating costs in the 'do minimum' base case?* *What are the expected future ongoing operating costs of the proposal(s)?* *Operating costs should be shown in real 2019-20 prices.*
7.4	Reliability of the estimates	*Provide a statement on the reliability of the cost estimates, noting methodological risks.*

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8.0 BENEFITS *Not required for Gate 1 assessment, but can be provided if available. Required information for Gate 2 assessment.*		
8.1	Direct operating benefits	*What are the benefits of the project, what drives each benefit and how is it quantified?* *Operating benefits are the incremental value that the proposal(s) will bring for users compared to what the situation will be in the presence of the project should it be chosen to be taken forward into an implementation phase.* *Benefits may entail increases in demand, reductions in the cost of service, improvements in service quality or reliability, or other changes.*
8.2	Indirect operating benefits	*Indirect operating benefits are the incremental value that the proposal(s) will bring for users and/or others and for society in general compared to what the situation will be in the presence of the project should it be chosen to be taken forward into an implementation phase.* *Indirect benefits may entail increases in demand for other goods and services, reductions in the cost of other goods and services, improvements in quality or reliability of other services, reductions in road trauma and transport emissions (for example, from a modal shift to rail), or other changes.*
8.3	Other benefits	*What other benefits, if any, are considered likely to have a material impact, but are deemed unquantifiable?* *Who are the beneficiaries of these benefits?* *Other benefits should be net of any indirect costs to those who may be adversely affected by the proposal(s).*
8.4	Reliability of the estimates	*Provide a statement on the reliability of the estimates of the benefits, noting methodological risks, and the potential likelihood of realising the benefits.*
9.0 BENEFIT-COST ANALYSIS AND WIDER ECONOMIC BENEFITS *Not required for Gate 1 assessment. A rapid BCA is required for Gate 3 assessment and a detailed BCA is required for Gate 4 assessment.*		
9.1	Discounted net benefits	*Set out the incremental costs and benefits (in real 2019-20 prices) of the project compared with the base case over the appraisal period.* *The appraisal period for the analysis should be specified, for example, 10, 30 or 50 years and include a residual value where the assumed economic life exceeds the appraisal period.* *Discount rates of 4 and 7 per cent real are recommended, consistent with the 2015 Inland Rail Programme Business Case. The lower of the two rates recognises the long term nature of many possible project investments. A rate of 10 per cent, which completes the set of rates recommended by Infrastructure Australia for inclusion in appraisal summary results, should also be included for comparative purposes in sensitivity testing (Section 9.2).* *In contrast to Gates 2 and 3, costs and benefits include all quantifiable costs and benefits, i.e. both main and secondary.* *In undertaking the BCA, an Appraisal Summary Table will aid presentation of the results, providing all quantified and monetised impacts and a benefit-cost ratio (BCR), alongside any other unquantified and/or unmonetised impacts, for decision-maker consideration.*
9.2	BCR sensitivities	*Sensitivity testing should be undertaken on key demand, cost and economic assumptions. Discount rate sensitivity testing should be undertaken (at 10 per cent real), in addition to 4 and 7 per cent real as per above.* *Sensitivity testing should include 'packages' of upside and downside uncertainties separately.*
9.3	Wider economic benefits	*What are the wider economic benefits of the proposal, particularly in terms of employment, by industry sector?*

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10.0 FUNDING AND FINANCING *Not required for Gate 1 assessment, but can be provided if available. Required information for Gate 3 assessment.*		
10.1	Sources of project funding and project financing options	*Detail the project capital, operating and maintenance costs over the appraisal period in nominal or outturn (rather than real) terms.* *Funding relates to how the project is ultimately paid for, whether through revenue sourced from user charging, government taxation revenue, or elsewhere. In addition, identify how owners and/or third parties including government, may in certain circumstances cover any 'viability gap' between project investment costs and expected revenues.* *Written evidence of 3rd Party financial support must be provided.*
10.2	Discounted net cash flows	*Discount net cash flows (i.e. revenues less capital and recurrent costs) in each year using an appropriate 'cost of capital' discount rate.* *The discount rate should reflect the proponent's project cost of capital and will vary, depending on the ownership and financing structure of the project. For example, a government proponent should use a discount rate based on the Australian Government 10 year Treasury bond rate borrowing costs. This is consistent with financial appraisal guidance material. A 20 year (1999-2019) average of these costs is calculated at 4.5 per cent (nominal). Where a project is planned to be at least partly privately funded or delivered by a government owned corporation, different discount rates will apply, depending on individual balance sheet structure and financing costs.*
10.3	Financial net present value	*Calculate the project discounted financial net present value (NPV), separately with and without the Australian Government contribution.* *Sensitivity testing should be undertaken on key drivers of the financial viability analysis. Discount rate sensitivity testing may be undertaken at higher (+ 2 per cent) and lower (-2 per cent) discount rates. As with the BCA, sensitivity testing should also include 'packages' of upside and downside uncertainties respectively.*
11.0 REGIONAL ECONOMIC IMPACT ASSESSMENT *Not required for Gate 1 assessment, but can be provided if available. Required information for Gate 3 assessment.*		
11.1	Changes in economic output	*Analyse the project's impact on economic output (gross regional product, gross state product, gross domestic product) by industry sector.* *Changes in regional output should include any inter-regional transfers.* *Computable general equilibrium (CGE) analysis, which allows for the demand and supply constraints in the economy that will have a bearing on the project's economic impact, is preferred in principle to input-output (I-O) analysis.* *Results of the analysis should be presented for the full appraisal period, using discount rates of 4 (core), 7 and 10 per cent, in line with the rapid BCA framework. The results presentation should also include impacts by industry sector, at the smallest feasible unit of analysis (e.g. region or state).*
12.0 POTENTIAL REGULATORY REQUIREMENTS *Not required for Gate 1 assessment, but can be provided if available. Required information for Gate 2 assessment and forms the basis of the information requirements at Sections 13 to 16.*		
12.1	Environmental	*What are the potential environmental regulatory requirements that the project may trigger?* *This assessment will determine the information requirements for Sections 13 to 16.*
12.2	Planning	*What are the potential planning regulatory requirements that the project may trigger?* *This assessment will determine the information requirements for Sections 13 to 16.*
12.3	Other	*Are there any other potential regulatory requirement?* *This assessment will determine the information requirements for Sections 13 to 16.*

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13.0 ENVIRONMENTAL, HERITAGE AND PLANNING ASSESSMENT *Not required for Gate 1 assessment, but can be provided if available. Subject to Section 12, required information for Gate 3 assessment.*		
13.1	Issues assessment	*What environmental, heritage and/or planning management issues have been identified in the following areas:* • *Noise and vibration* • *Flora and fauna* • *Air quality and greenhouse gas emissions* • *Water* • *Landscape and visual amenity* • *Land use and property* • *Soil and contaminated land* • *Traffic, transport and access* • *Social impacts* • *Non-indigenous heritage sites* • *Indigenous heritage sites* • *Areas with registered Native Title claims* *Describe what assessments have been undertaken to identify these issues.*
13.2	Regulatory pathway	*What is the project's expected environmental, heritage and planning approval pathway, including timelines? The pathway should take account of all relevant Commonwealth, State and Local planning legislative and regulatory requirements and guidelines.*
14.0 PROPERTY STRATEGY *Not required for Gate 1 assessment, but can be provided if available. Subject to Section 12, required information for Gate 3 assessment.*		
14.1	Required property transactions	*What property transactions (acquisition, sale, lease) are expected to be required?* *Identify any constraints on land acquisition/resumption and environmental and heritage restrictions, including options to address such constraints, together with costs of remediation.* *Describe what assessment have been undertaken to identify these issues.*
14.2	Property strategy	*What is the proposed strategy regarding transactions and tenure arrangements and including timeframes?*

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15.0 RISK MANAGEMENT *Not required for Gate 1 assessment, but can be provided if available. Subject to Section 12, required information for Gate 3 assessment.*		
15.1	Risk assessment	*What risks are identified as affecting:* • *Project implementation (unmitigated project implementation risks can undermine both project implementation and project outcomes).* • *Project outcomes and impacts (identifying and mitigating outcome risks is necessary to ensure that the identified benefits are realised).* *Describe what assessments have been undertaken to identify these issues.*
15.2	Risk management strategy	*How should the risks identified in Section 15.1 be managed? Outline the risk management arrangements (elimination, mitigation and minimisation) to support project decision-making and delivery, including a register of risks and a risk management plan.*
16.0 GOVERNANCE, MANAGEMENT AND OUTCOMES MONITORING *Not required for Gate 1 assessment, but can be provided if available. Subject to Section 12, required information for Gate 3 assessment.*		
16.1	Governance arrangements	*What are the planned governance and management arrangements for undertaking the proposal should it be taken forward to an implementation phase?*
16.2	Performance monitoring	*What are the key indicators of successful post-project impacts that should be monitored?* *How should these indicators be measured and evaluated?*