

ALIGNMENT OF BUSINESS CASES GOVERNMENT POLICY AND STRATEGY

Key lessons learnt	Be specific and succinct about the contribution investment will make to government policy and strategy and, in doing so, consider all of the potential interdependencies with other government portfolios.
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Introduction

Demonstrating alignment between a proposed investment and government policy and strategy is fundamental to the need for investment. It supports whole-of-government policy and planning and ensures that all portfolios are contributing to the NSW Government's wider vision for the state.

When demonstrating alignment between a proposed investment and government policy and strategy, it is important to undertake this early in the investment planning process so that detailed planning and design is aligned with whole-of-government priorities. The below considerations expand on how best to effectively demonstrate alignment between a proposed investment and government policy and strategy.

Key considerations

Before attempting to align a proposed investment with government policy and strategy we think it is critical for proponents to first have a clear understanding of the objectives of their specific initiative – such as addressing a specific set of existing problems or aiming to achieve a specific set of outcomes as part of a longer-term vision.

We think there are a number of characteristics to an effective business case:

- ▶ Alignment between a proposed investment and government policy and strategy should be undertaken and documented early in the process. This will be an important consideration at Gate 0 and Gate 1 (Strategic Business Case) prior to detailed planning and design commencing
- ▶ It is important to consult with stakeholders on what policies and strategies should be considered. At a minimum, consideration should be given to:
 - Key whole-of-government strategies / policies (e.g., State and Premier's Priorities)
 - Greater Sydney Region Plan
 - Key Cluster-specific strategies / policies (e.g., The NSW State Health Plan: Towards 2021)
- ▶ The business case should avoid a general discussion of how the proposed investment supports government policies. Instead, it should point to specific, tangible ways in which the investment would align to government objectives. This could include citing statistical contributions to government targets (e.g., estimate of additional jobs generated; additional people within 30 minutes of a metropolitan centre).
- ▶ Quality rather than quantity is the key. We have seen business cases that expansively lists each government objective that a proposed investment will support, with little detail on how this will occur. Proponents should avoid a “tick the box” exercise and instead focus should be on succinctly demonstrating alignment in a way that is tangible and specific.
- ▶ The section that discusses the alignment between the business case and government policy/strategy should be consistent with the broader need for investment narrative. For example, if the need for investment is framed around addressing congestion and long journey times, the alignment discussion should focus on government policies/strategies related to these issues (e.g., improving 30-minute access). This will ensure the business case has a consistent narrative flowing through it.
- ▶ Once the government policy/strategic alignment has been established it's critical to clearly identify investment drivers and the outcomes that any investment is looking to change/improve. Business cases should be identifying whether the investment drivers are vision-led, performance improvement focused or responding to changes in compliance, legislation or regulation. Early identification of net benefits to stakeholders, including articulating who the winners and losers are, should help inform whether investing in changes justifies both the cost and risk of doing so.

► **About the authors:**

EY is a leading provider of financial, commercial, economic and property advisory services on business cases to the NSW government and other governments around Australia and overseas.

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