



Fixing Country Rail

Round One

BUSINESS CASE TEMPLATE

Projects [$>$ \$10 Million]

[Name of the Project]

[Proponent]

[RNSW#]

Filling Out This Business Case Template

Business Case Instructions are shown in *red italics text* to help applicants prepare their business cases.

Ensure all sections of this business case are completed.

Attach all supporting documentation.

Please remove all *red instructions text* prior to submitting the business case.

Applicants should ensure that they have read the Restart NSW Fixing Country Rail Round One Program Guidelines which can be accessed at:

<https://www.transport.nsw.gov.au/sites/default/files/media/documents/2017/fcrail-round-1-program-guidelines-wcag.pdf>

This document has been prepared to align with the principles set out in:

- NSW Government Guidelines for Business Cases (TPP08-05)
- Infrastructure NSW's Infrastructure Investor Assurance Framework
- NSW Gateway Policy (TPP17-01)
- NSW Government Guidelines for Cost-Benefit Analysis (TPP17-03)

The applicant should ensure that the business case identifies and addresses how the project meets key program criteria, within the relevant sections of the template, including:

- Access, Productivity and Safety Benefits
- Growth and Economic Benefits
- Strategic Alignment
- Deliverability

Where it is appropriate, information required for the business case can be sourced from the Expression of Interest (EoI) already produced by the applicant.

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1 Executive Summary

Provide a concise executive summary of the business case. Key findings within the business case should be summarised to answer the following:

- *What is the problem / current situation?*
- *What is the Fixing Country Rail project option?*
- *What is the relevant rail freight demand and how will this change under the Fixing Country Rail project?*
- *What are the potential benefits?*
- *What are key costs?*
- *What are key risks?*

2 Project Summary

2.1. Key project details

Project details

Project name *Name of project*

Applicant name *Name of applicant – Organisation Name*

Network Operator/ Owner *Name of rail Network Operator or Owner*

Project description *Provide a general overview of the project*
Detail the main issues addressed by the project
(Note: EOI information can reproduced to complete this section)

Project type *Detail the type of rail project being proposed:*

- *Passing loop*
 - *Rail Siding*
 - *Signalling*
 - *Line Reinstatement*
 - *Other (Provide details)*
-

2.2. Key Funding Details

Funding Profile

Total Fixing Country Rail Funding Requested

\$000,000

Total Project Cost

\$000,000

Source Name	17/18	18/19	19/20	20/21	Total
Fixing Country Rail					
Fixing Country Roads					
Private Sources					
Council					
Australian Government					
State Government					
Other					
Total					

2.3. Cost-Benefit Analysis Summary Outcomes

Complete the following summary table displaying project key economic cost and benefit analysis results.

Cost Benefit Analysis Results

Present value of costs (\$'m)

Present value of benefits (\$'m)

Net Present Value (NPV) @ 7% (\$'m)

Benefit Cost Ratio (BCR) @10%

BCR @7%

BCR @3%

3 Project Development

3.1. Freight Demand and Project Drivers

In this section the applicant is required to explain the freight rationale for the project. A detailed discussion about the project's rail freight demand should cover the following areas:

Freight catchment area

- *Detail what are local/region freight drivers supporting the project proposal*
- *Provide detail on catchment area/drawing zone*
- *Provide mapping of the catchment zone with identified demand*
- *Provide overview of the major freight business/industries*
- *Provide Information on the types of Freight (Bulk and Non Freight)*
- *Historical and forecasted freight volumes (breakdown per commodity)*

Freight transport demand

- *Existing freight transport task*
- *Existing freight transport mode*
- *Future freight transport task*
- *Explain the demand forecast methodology*
- *Freight transport demand should be provided by Origin & Destination*

Freight transport contestability

- *Discussion on contestability factors – road and rail*
- *Freight pricing/cost by mode*
- *Detail points at which transport mode switching will occur*

Applicants should attach supporting data and documentation for this section as an Appendix to this business case.

3.2. Current Infrastructure and Operations (Base Case)

Detail the current infrastructure and operations and any issues. Discussion of the current infrastructure and operations should consider the following:

- *Existing infrastructure*
- *Rail and road freight transport operations*
- *Existing volumes – which should come from the freight analysis undertaken in 3.1.*
- *Current transport scenarios – road and rail volume splits*

This information will be used for the development of the Base Case in the cost-benefit analysis.

The base case is typically a 'status quo' scenario. In many instances, this will be a 'do nothing' scenario. In some instances, there will be minimum expenditure required and the base case may need to be a 'do minimum' scenario.

3.3. Fixing Country Rail Project Option & Scope of Works

The scope of works should include the key elements and why each element is needed.

The description of the works proposed should include:

- *Provide a project description*
- *Location*
- *Quantifiable details including area/length, capacity etc.*
- *Relevant design standards*
- *Property purchases required*
- *Utilities (e.g. gas, electricity, water, sewerage, and communications)*

The project scope should allow for the additional design, preliminaries, project management and proposed governance arrangements to be enacted.

The discussion of the option should detail the changes in operating outcomes based on the infrastructure investment, including:

- *Rail operating parameters – cycle times, train lengths, axle load weights etc*
- *Rail volumes – which should come from the freight analysis undertaken in 3.1.*
- *Current transport scenarios – road and rail volume splits*

Provide supporting documentation as attachments including:

- *Concept Designs*
- *Planning and Design work*
- *Maps*

The scope of works sections should list any related or complimentary infrastructure and investments that are required or will be constructed as part of the overall project, but that are not requesting funding as part of Fixing Country Rail.

The project option and scope section should consider:

- *Applicants should demonstrate that a range of options were considered as part of the business case, including:*
 - *Alternative sites*
 - *Different building options*
 - *Different operating models*
 - *Staged redevelopment or upgrade of facilities*
 - *Options to maximise usage of assets*
 - *Standalone or precinct based approach*
- *What would be the outcomes if the investment detailed above was not undertaken*

3.4. Project Strategic Alignment

Applicants need to consider how well their proposal aligns with priorities, actions, directions and strategies outlined in prevailing State, regional and local government documents.

Examples of these documents include:

- *Premier's/State Priorities*
- *State Infrastructure Strategy*
- *NSW Government agency strategies and plans*
- *Regional plans prepared by the NSW Department of Planning and Environment*
- *Regional Economic Development Strategies*

- Local government strategies
- Asset management plans.

3.5. Project Costs

Provide detailed project costings, applicants should explain how they arrived at cost estimates.

Complete the project capital costs and ongoing costs summary tables below.

Depending on the level of project development, applicants should attach detailed costing information, milestones or other information on costs.

3.5.1. Capital Costs

Applicants should provide capital costs separated by cost item and over construction years in the table below. If the construction period is longer than years provided, the table can be extended.

The build-up of costs will usually be done by a suitably qualified cost estimator although cost estimates may use actual quotes.

Applicants should report capital costs:

- On an unescalated basis to inform the cost benefit assessment
- With escalation (i.e. with inflation) to inform funding and affordability assessment.
- The assumed inflation rate and its basis should be reported.
- All cost estimates should be exclusive of GST.

Table 1: Project capital cost

Year	17/18	18/19	19/20	20/21	Future Years	Total
Item	\$000,000	\$000,000	\$000,000	\$000,000		
Item						
Item						
Item						
Item						
Contingency						
Escalation						
Total Cost						

Mandatory attachment: Please enclose a Cost Plan or quotes

3.5.2. Capital cost confidence level

Detail the level of confidence in cost estimates for the project (P50/P90).

Detail the approach to contingency

Explain the reasons for the level of confidence

The approach to probabilistic costing can be detailed in the capital cost section

3.5.3. Projected Ongoing Costs

In many instances, the upfront capital costs may represent only a fraction of the total cost of funding a proposal. To inform the value for money and affordability assessment over the life of the proposal, applicants should disclose all ongoing costs associated with their proposal. These ongoing costs may include:

- *Operating costs*
- *Maintenance costs*
- *Repair costs*
- *Asset renewal and replacement costs.*

In some instances, the proposal may realise cost savings or revenues. These cashflows should be identified separately to allow an assessment of the net change in costs over the life of the proposal.

Please outline the ongoing costs that would occur under the proposal. These costs may include operating, maintenance, repair, renewal and replacement costs.

These costs should be estimates for all financial years until the proposal reaches a steady state.

Note: Restart NSW funds may not be used to fund ongoing costs.

Table 2: Projected ongoing costs

Year	17/18	18/19	19/20	20/21	Future Years	Total
Item	\$000,000	\$000,000	\$000,000	\$000,000		
Item						
Item						
Item						
Item						
Item						
Total Cost						

3.6. Economic Appraisal

Applicants will undertake a detailed Cost-Benefit Analysis to displaying the economic merits of the proposed project. The detailed cost-benefit analysis should be provided as an attachment to this business case.

All costs and benefits should be presented as discounted cash flows discounted to the current or budget year. Set out the economic impacts of each option.

Further information can be obtained **Principles and Guidelines on Economic Appraisal of Transport Investment and Initiatives** available here

<https://www.transport.nsw.gov.au/newsroom-and-events/reports-and-publications/principles-and-guidelines-economic-appraisal-of>

NSW Treasury has released the following guide: **NSW Government guide to Cost Benefit Analysis** available here: <http://arp.nsw.gov.au/tpp17-03-nsw-government-guide-cost-benefit-analysis>

3.6.1. Economic Appraisal Summary

Provide a summary of the Benefits Cost Analysis results below.

Attached full Benefits Cost Analysis and supporting documentation as part of the business case submission

Table 2: Cost-Benefit Analysis (incremental outcomes – 7% discount rate)

	Option 1	Option XX
PV COST		
PV BENEFIT		
NPV		
BCR		

	Option 1	Option XX
PV COST		
PV BENEFIT		
NPV		
BCR		

3.6.2. Financial Appraisal

Please outline the budget impact of the proposal from the applicant's perspective.

The applicant should provide cashflow projections of the following:

- Capital expenditure
- Ongoing operating and maintenance expenditure
- Revenues
- Renewals or major repairs.

Applicants should provide costs from the start of the proposal (planning) through to the steady state.

In some instances, cost savings and revenues may be realised. These cashflows should be identified separately.

3.6.3. Table 3: Financial appraisal outcomes

	BASE CASE	Option 1	Option X
PV EXPENSE			
PV REVENUE			
NPV			
IRR			

4 Project Implementation

4.1. Project Risks

List the major risks of the project and the strategy on how to mitigate each identified risk.

Applicants provide commentary on each identified risk

Consider risks

- Scope
- Construction
- Financing
- Planning and approvals
- Timing
- Procurement
- Stakeholder engagement
- Property or land acquisitions

The identification of risks may be undertaken as a desktop exercise for a relatively straightforward proposal. For a more complex proposal, key risks may need to be determined through workshops and stakeholder interviews.

Table 4: Key project risks

Risk	Proposed mitigation

4.1.1. Risk rating after mitigation

Consequence	Likelihood	Rating

The applicant should develop the following supporting documentation (to be attached to this business case):

- Risk register
- Risk mitigation strategy
- Risk management plan

4.2. Project Milestones

List key project milestones and decision points associated with the project:

- Planning and detailed design
- Approvals
- Procurement
- Development and construction
- Commissioning
- Operations

It is recommended that the applicant provides a program timeline/gantt chart as an attachment to this business case.

The program should demonstrate that the proposal and its milestones are achievable. Careful planning is required to ensure that critical path events are identified, and sufficient time is allowed for, including time for contingency.

Table 5: Key milestones

Milestone	Milestone Date	Comment

4.3. Procurement

Provide detail on a proposed procurement strategy for the project. Discussion should cover the following areas:

- Procurement options assessed – network owner/contractor/other
- Preferred strategy – identify the advantages, disadvantages and risks of the preferred procurement method
- Proposed tender process
- Contract agreements

The procurement approach should identify how a value for money outcome can be achieved.

4.4. Benefits Realisation

Applicants must submit a final version of benefit realisation nominations table as part of this business case. The full benefits realisation table is provided as an attachment to this document.

In this section, the applicant should identify/list the benefits of the project and which groups will receive the benefits, providing a summary of the full benefits realisation table.

Note: Nominated benefit KPI's of successful projects will be included as part the NSW Restart funding deed.

4.5. Governance

Please outline the project team that will oversee the management (during delivery and operations) of the proposal. Outline the way the proposal will be organised, including:

- Key decision makers (e.g. proposal sponsor, Councillors)
- Governance bodies (e.g. steering committees, advisory groups)
- Proposal personnel
- Key stakeholders (e.g. stakeholder groups, liaison/communications officers)
- Interfaces with Government agencies (e.g. Planning, DPC, Treasury, INSW, etc.)
- Interfaces with contractors
- If the proponent is more than one entity, interactions between the lead contact and each entity.
- Please outline key responsibilities and roles of key personnel.

Applicants should demonstrate that the nominated personnel have the relevant experience and skills to deliver and manage the proposal. These personnel may change as the proposal transitions from planning to delivery and then to operations.

4.6. Asset Management & Operations

This section outlines who has responsibility for the ownership, operation and maintenance of the assets that will be created by the proposal and a brief description of the activities to manage these assets over their life. The section should also describe if the proposal has an impact on existing assets.

An asset ownership matrix is a simple way of outlining who is responsible for the assets created by the proposal.

For each of the stages of the asset lifecycle (plan, acquire, operate/maintain and dispose), the applicant should outline how the assets will be managed. This should include:

- A brief description of activities including maintenance, operation and ownership of new and existing assets
- Who is responsible for those activities.

5 Business Case Endorsement

The request for funding and the Business Case needs to be endorsed by the project proponent and the network owner. Without network owner endorsement, the project will not be considered for Fixing Country Rail Round One funding.

Project proponent

Name:

Organisation:

Position:

Signature:

Date:

Network owner (TfNSW, Sydney Trains or ARTC)

Name:

Organisation:

Position:

Signature:

Date:

6 Attachments

Below is a list of key attachments that should be included in the business case submission:

- *Cost-Benefit Analysis – cashflow spreadsheets*
- *Project Planning, Design and Costings (to the level available)*
- *Finalised Benefits Realisation Template*
- *Freight Demand Analysis/Freight Studies*
- *Historical/Future Forecasts*
- *Site Photos*
- *Maps*
- *Program Milestone Gantt Chart*
- *Any other supporting documentation*

Fixing Country Rail Project Benefit Realisation Nominations

KPI	Benefit Owner	Measurement	Baseline	Target	Reporting Frequency	Comments
1) Detail • Key Performance • Indicator	Please comment	Please comment	Please comment	Please comment	Please comment	Please comment
2) Detail • Key Performance • Indicator	Please comment	Please comment	Please comment	Please comment	Please comment	Please comment
3) Detail • Key Performance • Indicator	Please comment	Please comment	Please comment	Please comment	Please comment	Please comment
4) Detail • Key Performance • Indicator	Please comment	Please comment	Please comment	Please comment	Please comment	Please comment
5) Detail • Key Performance • Indicator	Please comment	Please comment	Please comment	Please comment	Please comment	Please comment