



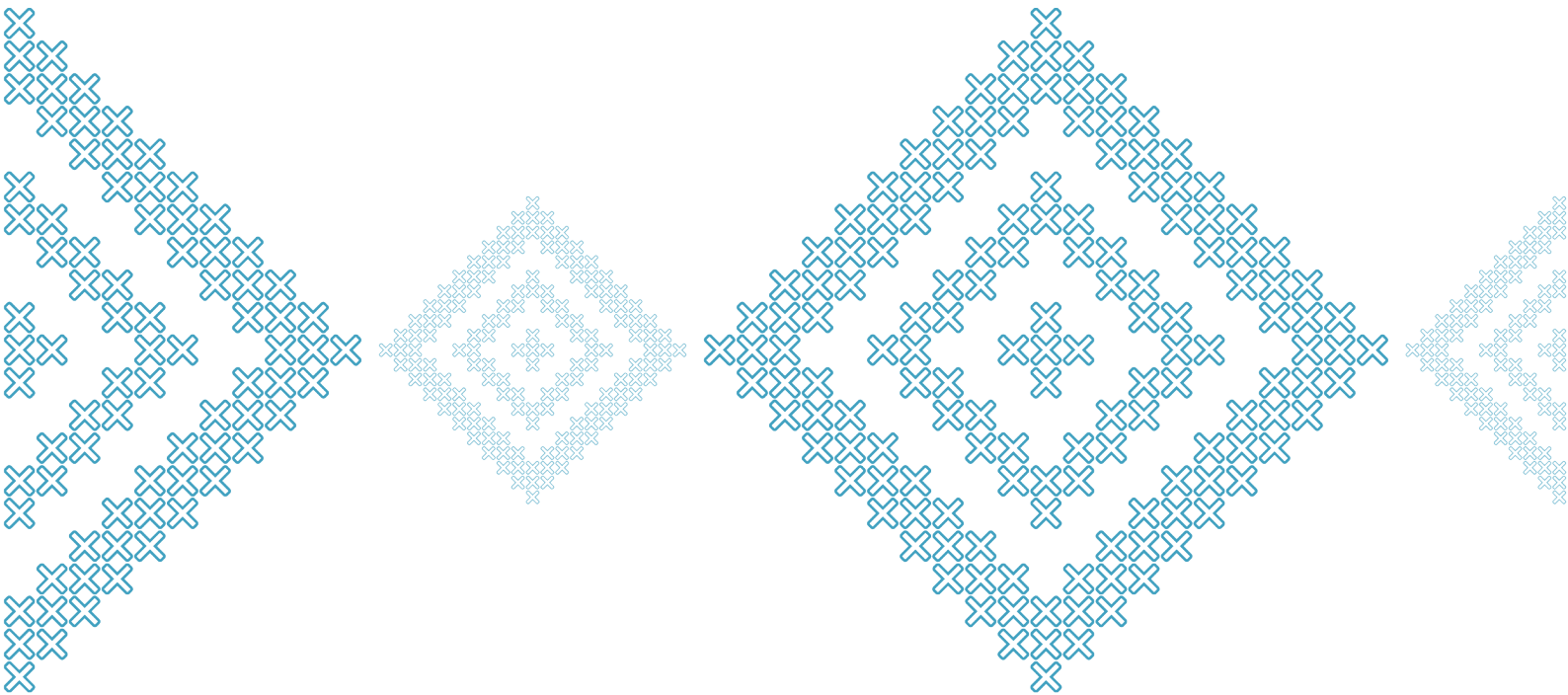
TE TAI ŌHANGA
THE TREASURY

GUIDANCE

Cabinet paper guidance for business case approvals

For Cabinet papers seeking business case approvals
for investments as per Cabinet Office circular CO (23) 9

August 2024



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About this guidance

This document provides additional guidance for the development of Cabinet papers seeking approval of business cases for investments covered under Cabinet Office circular CO (23) 9.

The purpose of this guidance is to help agencies write a Cabinet paper that contains all the key information required for Cabinet to make a well-informed investment decision. A copy of the completed business case must accompany the Cabinet paper however, Ministers and Cabinet should have the information necessary to support their decision-making in the Cabinet paper.

Agencies should refer to the [Cabinet paper policy template](#) developed by the Department of Prime Minister and Cabinet (DPMC) for general guidance and tips for writing Cabinet papers.

The Cabinet paper is the Minister's paper and is written in their voice. It is ultimately their decision as to what content goes into their Cabinet paper.

Questions and Feedback

General enquiries about the information contained in this guidance, not addressed in this guidance or the associated FAQs, can be directed to the Investment Management System team Better.BusinessCases@treasury.govt.nz.

Any agency-specific questions regarding Gateway can be directed to the Investment Management System team Gateway@treasury.govt.nz.

Any agency-specific questions regarding business case development should be addressed to your Treasury Vote team.

Any comments as to how we could improve this guidance can be directed to guidance@treasury.govt.nz.

1. Overview

1.1 Cabinet Office circular CO (23) 9

Cabinet Office circular CO (23) 9: Investment Management and Asset Performance in Departments and Other Entities [[CO \(23\) 9](#)] sets out Cabinet's expectations for the management of investments and both physical and intangible assets by the following types of organisation (agencies):

- departments as defined in the Public Finance Act 1989
- the following types of Crown entities as defined in the Crown Entities Act 2004:
 - statutory entities
 - Crown entity companies
 - Crown entity subsidiaries
- companies listed in Schedule 4A of the Public Finance Act 1989.

Departments must comply with CO (23) 9. All other agencies must treat this circular as an expression of government policy.

Annex 1 of CO (23) 9 sets out the general approval thresholds for investments, including when Cabinet approval is required. Agencies seeking Cabinet approval for business cases are advised to refer to this circular.

1.2 Investment Management System (IMS), Better Business Case (BBC) and Gateway assurance

The IMS sets out the policies, processes and requirements to support agencies to plan and deliver investments and fully realise the resulting benefits. The IMS is part of the Public Finance System and applies to every public sector investment undertaken by agencies as defined in CO (23) 9.

The Treasury has published substantial guidance on the application of the BBC methodology, including the Five Case Model framework on its website. It includes the purpose and level of detail required for each of the five cases (strategic, economic, commercial, financial, and management) at each business case stage: Indicative Business Case (IBC) / Programme Business Case (PBC), Detailed Business Case (DBC), and Implementation Business Case (ImBC).

Links to the Treasury website:

- [Overview of the Investment Management System](#)
- [Overview of BBC and Five Case Model](#)
- [Overview of Gateway Reviews](#)
- [Risk Profile Assessment and Strategic Assessment template](#)
- [Indicative Business Case overview and templates](#)
- [Detailed Business Case overview and templates](#)
- [Implementation Business Case overview and templates](#)

Inform the manager responsible for your agency's Quarterly Investment Report (QIR) that this Cabinet paper is being submitted, and of the final Cabinet decisions, so they can update your agency's QIR accordingly.

Note regarding the Implementation Business Case (ImBC)

Depending on the approval conditions of the Detailed Business Case (DBC), it may not be necessary for the ImBC to go to Cabinet, as ImBC approval can be delegated to Joint Ministers. An ImBC only needs to:

- Confirm or update information (including identifying any significant changes) for each of the five case model elements from the previous DBC stage.
- Document any requirements and commitments identified in the Cabinet Minute approving the earlier business case stage.

Note regarding the Single-Stage Business Case (SSBC)

Single-Stage Business Cases (SSBCs) are typically for low-risk investments that do not require Cabinet approval. If your agency is considering developing a SSBC for Cabinet approval, contact your Vote Analyst at the Treasury prior to commencing work on the SSBC.

Note regarding Budget funding

In July 2023, Cabinet agreed to a stricter approach to out-of-cycle spending requests with financial implications, comprising the Minister of Finance pre-approving all out of cycle requests with financial implications ahead of Cabinet consideration (CPC-23-MIN-0015 refers).

In March 2024, the Cabinet Economic Policy Committee agreed that investments must have a Cabinet-approved business case ahead of seeking Budget funding (ECO-24-MIN-0110 refers).

2. Cabinet paper guidance for business case approvals

2.1 Proposal

In a sentence or two, outline the purpose of the paper, including its current business case stage (eg, this paper seeks your approval of an indicative business case for [Project X] and to proceed to the detailed business case planning stage). If the nature of the investment is not self-explanatory from its name, provide a one-sentence explanation.

2.2 Relation to government priorities

In a brief paragraph explain whether, and if so how, the proposed investment contributes to the core operating manifestos of the Government (ie, coalition agreements and quarterly plans).

2.3 Executive summary

If the paper is over four pages long, then an executive summary should be included. It's helpful to start with a three-paragraph basic outline: a background or context paragraph, followed by a summary of the decisions sought, and a final paragraph which explains next steps. The whole executive summary should not be longer than a page.

2.4 Background (Strategic case)

This section should outline the strategic case for the investment (clearly and succinctly make the case for change). It may include context for the decision being sought, past work that has been done related to the proposed investment, and previous related decision(s) by Cabinet. The strategic case is updated and refined as the investment proposal progresses through the business case stages.

Note when referencing previous Cabinet decisions or Ministerial group discussions (eg, the Infrastructure and Investment Ministers Group), the reference number in which the relevant decision was taken should be used (note the reference of the Cabinet Report of Committee minute in which Cabinet committee decisions are confirmed).

2.5 Analysis (Economic case)

This is the main discussion part of the paper. It should include enough detail on the options considered, value for money and any risks and trade-offs that Ministers need to be aware of. The analysis should reflect robust investment planning and consultation processes, be informed by evidence and insights from diverse perspectives, and be analytically sound. This section should be tailored to suit the investment planning stage (eg, IBC/DBC/ImBC).

To ensure the paper is easy to read and understand you should:

- use subheadings to keep the text focused and tell a clear story
- define any acronyms or technical terms the first time you use them

- use comparison tables and numbered lists so that information is visually easy to follow and understand
- use diagrams to help explain complex processes.

The analysis should also take into account the guidelines agreed by Cabinet for policymakers to consider the Treaty of Waitangi/Tiriti o Waitangi in policy development and implementation. The Cabinet Office circular Treaty of Waitangi Guidance for Agencies¹ [CO (19) 5] is a useful tool to help with this.

In line with the resilience requirements outlined in CO (23) 9, indicate the investment's anticipated vulnerability and exposure (now or in the future) to any relevant climate-related hazards (eg, floods, extreme weather) and, where there is significant risk, any measures taken to reduce potential impacts (or indicate where there is no such vulnerability or exposure). This analysis should be built into your options assessment in the economic case.

Analysis – guidance for IBC stage

Summarise the critical success factors (ie, the attributes essential to successful delivery of the investment), the option selection process, and the short-list of options to take forward to the DBC stage. Summarise any trade-offs considered in the options analysis.

Analysis – guidance for DBC stage

Summarise the short-list of options considered before providing detail on the recommended (or preferred) option (economic analysis). Include any advice on key trade-offs amongst the short-list options to enable Cabinet to make an informed decision. Include benefit-cost ratios (BCRs) and/or net present values (NPVs) estimates and summarise sensitivity tests for the recommended (or preferred) option. List the key non-monetary benefits. There should be a clear evidence base behind the selection of the recommended (or preferred) option.

Analysis – guidance for ImBC stage

New information may have become available that impacts the recommended (or preferred) option and its selection (scope, cost, delivery time or benefits). The outcome of the Budget process may have imposed further constraints on the investment proposal. Any update to the economic analysis (including changes in the recommended or preferred option) should be summarised here.

2.6 Financial implications (Financial case)

This section should outline the funding requirements (capex and opex) and funding sources of the proposed investment. It should be tailored to suit the investment planning stage (eg, IBC/DBC/ImBC). Ensure that you have consulted with your agency's finance team with regards to the development of this section, and with the preparation of any financial recommendations.

¹ All circulars are available on the Department of the Prime Minister and Cabinet website <https://dpmc.govt.nz/publications>

Financial implications – guidance for the IBC stage

For the IBC, this should ascertain the funding requirements and funding sources of the preferred way forward. The level of detail should be high-level, but sufficient to provide Cabinet with an early view of key factors that may affect the financial viability of the investment proposal.

In addition, include any other financial implications that were not covered in the financial case (eg, fiscal or economic implications including impact on the multi-year capital allowance (MYCA) and operating allowance).

Financial implications – guidance for the DBC stage

For the DBC, the financial case will determine the funding requirements and funding sources for the preferred option. Include a table summarising the financial impacts over the 10 financial year period.

Financial year	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Capital expenditure						
Operating expenditure						
Total expenditure						
Funded by:						
Existing Revenue						
Existing Capital						
Extra Revenue						
Extra Capital						
Total						

Financial year	2030/31	2031/32	2032/33	2033/34	Total
Capital expenditure					
Operating expenditure					
Total expenditure					
Funded by:					
Existing Revenue					
Existing Capital					
Extra Revenue					
Extra Capital					
Total					

Financial implications – guidance for the ImBC stage

For the ImBC, update the financial analysis and modelling from the previous DBC stage and confirm the investment proposal remains within the approved funded envelope. Outline any changes to the cost or change in revenue from the previously approved DBC.

2.7 Implementation (commercial and management cases)

This section should contain details on the viability and achievability of the proposed investment. These are typically presented at a high-level at the IBC stage and at a more detailed level at the DBC and ImBC stages. It should consider alignment and impacts on the broader system and public sector. For Public Private Partnership (PPP), refer to the [PPP guidance](#) developed by the New Zealand Infrastructure Commission - Te Waihanga.

Implementation – guidance for IBC stage

This should outline (at a high-level) the proposed procurement arrangements for the preferred way forward. The level of detail should be sufficient to provide Cabinet with an early view of key factors that may affect the commercial viability of the proposal. Agencies are advised to consult early with the New Zealand Infrastructure Commission for procurements involving PPP, as these have additional requirements.

The management case provides assurance of the agency's capacity and capability to deliver the investment. For the IBC, only a high-level of detail is required.

Implementation – guidance for DBC stage

For the DBC, the commercial case will describe the planned procurement process for the preferred option. Outline the proposed risk allocation and risk to the Crown. Agencies should confirm that the procurement plan has been completed and complies with the Government Procurement Rules. If a bespoke or higher-risk procurement is proposed (eg, PPP), provide a summary of the tender process and evaluation methods to provide Cabinet with confidence that a robust procurement process will be followed. Agencies are advised to consult early with the New Zealand Infrastructure Commission for procurements involving PPP, as these have additional requirements (eg, consultation with Joint Ministers) prior to being presented to Cabinet.

For the DBC, the management case should be developed in sufficient detail to give Cabinet confidence that the agency has the capability and capacity to successfully deliver the investment and realise the desired benefits. Include a table of key deliverables and milestones and a table of key risks and mitigations.

Key Project Milestone	Approximate Date

Risk		Consequence (H/M/L)	Likelihood (H/M/L)	Comments and management strategies (Controls / Mitigations)
1	<i>IF (xxx happens) THEN (impact)</i>			
2				
3				
4				

Implementation – guidance for ImBC stage

For the ImBC, the commercial case should provide sufficient information to allow Cabinet (or Joint Ministers) to make an informed decision on whether to approve the proposed contract. Summarise the process that was used to approach the market, evaluate supplier offers, key results and the proposed contract with the preferred supplier(s).

For the ImBC, update the management case from the previous DBC stage. Confirm that the investment remains achievable (ie, able to be delivered on time, on budget, to scope and with the agreed benefits), and that all the necessary arrangements are in place to ensure successful delivery and to manage project risks.

2.8 Investment assurance

All investment proposals that are determined high-risk by the Risk Profile Assessment (RPA) must complete Gateway reviews (as per CO (23) 9).

All high-risk investments must have completed the appropriate Gateway review before Cabinet considers a business case for approval (ECO-24-MIN-0110 refers).

Agencies may wish to submit medium-risk investments at the DBC stage for a Gateway review ahead of any future Budget bid proposal.

The agency should briefly summarise (in one paragraph) any internal investment quality assurance or independent peer reviews undertaken, and its outcome.

The agency must briefly describe the outcome of most recent Gateway review and agency response to recommendations. Attach the action plan and outcome of business case quality assessment as Appendix A.

2.9 Cost-of-living implications

Refer to the [Cabinet paper policy template](#) for detailed guidance on how to complete this section.

2.10 Legislative implications

Refer to the [Cabinet paper policy template](#) for detailed guidance on how to complete this section.

2.11 Impact analysis

Regulatory Impact Statement

All investment proposals submitted to Cabinet that involve the potential introduction of new legislation (eg, tolling or user charges), or changes to or the repeal of existing legislation, are subject to Cabinet's impact analysis requirements, unless an exemption applies. See the CabGuide page on impact analysis for more information, and a list of exemptions. If you have any questions about the impact analysis process, contact RIA.Team@regulation.govt.nz.

Climate implications of Policy Assessment

A Climate Implications of Policy Assessment (CIPA) is required for proposals which include decreasing greenhouse gas emissions as a key policy objective, or which are likely to have a direct emission impact at or above 0.5 million tonnes CO₂-e within the first 10 years of the proposal period. Refer to the [Cabinet paper policy template](#) for more guidance if this section is required.

Population implications

Refer to the [Cabinet paper policy template](#) for detailed guidance on how to complete this section.

2.12 Human rights

Refer to the [Cabinet paper policy template](#) for detailed guidance on how to complete this section.

2.13 Use of external resources

This section should be used when external resources such as contractors or consultants are engaged, remunerated, and provide a material contribution to the development of the investment proposal. Agencies should include an overview of the external resources used (including the number of people engaged and for how long, and the services/input provided [eg, economic and financial analysis, project management, procurement, legal support and other technical expertise]), and a clear justification for their use in supporting aspects of business case development.

As Cabinet approval will set up further work (eg, IBC approval will lead to DBC development), outline requirements for external resources for the next stage of planning/delivery. Refer to the [Cabinet paper policy template](#) for detailed guidance on how to complete this section.

2.14 Consultation

Cabinet papers should be well consulted across agencies, Ministers, and government parties. It may be appropriate to also consult with interest groups and other groups who are likely to be directly impacted by the proposal. All papers with financial implications now require pre-approval from the Minister of Finance ahead of formal ministerial consultation.

Summarise the consultation undertaken during development of the business case *and* the consultation undertaken during the development of this Cabinet paper. Refer to the [Cabinet paper policy template](#) for detailed guidance on how to complete this section.

2.15 Communications

Include a brief statement about how the proposal is expected to be communicated, and who will be responsible (eg, “The Minister will announce the proposal at a stakeholder event in May 2025”). Note that any proposals for government advertising and publicity must comply with the Guidelines for Government Advertising.²

2.16 Proactive release

All Cabinet and Cabinet committee papers and minutes (other than those considered by the Cabinet Appointments and Honours Committee) must be proactively released within 30 business days of decisions being confirmed by Cabinet, unless there is a good reason not to publish all or part of the material. Refer to the [Cabinet paper policy template](#) for detailed guidance on how to complete this section.

It is a requirement under CO (23) 9 that agencies upload a copy of the Cabinet-approved business case on the Public Service Intranet (taking into account grounds for withholding information under the Official Information Act 1982).

2.17 Recommendations

The recommendations are an important part of the paper. These are key decisions the Minister is proposing that Cabinet agree to. The recommendations form the basis of the minute that will be published following the meeting of a Cabinet committee or Cabinet. Discussions at the meeting will usually focus on the recommendations. This means it is important that recommendations are written clearly, in plain English, tell a logical story which moves from a high-level overview to specific matters, and do not leave any room for doubt about what is being decided.

Refer to the [Cabinet paper policy template](#) for detailed guidance on how to complete this section. For **financial recommendations**, consult with your agency’s finance team and refer to the [Treasury’s guidance](#).

² The guidelines are available on the Department of the Prime Minister and Cabinet website <https://dpmc.govt.nz/publications/guidelines-government-advertising>

Sample recommendations for Business Cases

The Minister for Examples recommends that the Committee:

1. **Note** that in [Month, Year], Cabinet approved the previous investment planning stage [select one of: Strategic Assessment / Indicative Business Case / Detailed Business Case] [CAB-XX-MIN-XXXX refers].
2. **Approve** the [select one: Indicative Business Case / Detailed Business Case / Implementation Business Case] and
 - 2.1. **[IBC recommendation] Approve** the short-list of options to be progressed for detailed analysis at the Detailed Business Case stage.
 - 2.2. **[DBC recommendation] Approve** the preferred option of [*option name*], with an estimated cost of \$xx,xxx million.
 - 2.3. **[ImBC recommendation]: Note** the following changes to the previously approved Detailed Business Case:
 - 2.3.1. *List material changes to time, scope, cost and benefits.*
 - 2.4. **[ImBC recommendation] Approve** the preferred option of [*option name*] as outlined in the Implementation Business Case, with an approved total cost of \$xx,xxx million.
 - 2.5. **[ImBC recommendation] Approve** the changes in time, scope, cost and benefits as noted in 2.3.
3. **[IBC recommendation] Direct** the Ministry for Examples to move to the next stage of investment planning and complete a Detailed Business Case, subject to the following conditions [*list conditions, if required*].
4. **[DBC recommendation] Direct** the Ministry for Examples to move to the next stage of investment planning and complete an Implementation Business Case, subject to the following conditions [*list conditions, if required*].
5. **[Additional DBC recommendation – if required] Delegate** approval of the Implementation Business Case to joint Ministers as per the scope, cost and timings [*and/or other conditions*] outlined in the Detailed Business Case.
6. **[ImBC recommendation] Direct** the Ministry for Examples to enter into commercial contracts with the preferred supplier to deliver the preferred option of [*option name*], with an approved cost of \$xx.xxx million, subject to the following conditions [*list conditions, if required*].
7. **[Financial recommendations]** For all financial recommendations, refer to the Treasury guidance: [Writing Financial Recommendations for Cabinet and Joint Minister papers](#).

Appendices

Other information can be attached to Cabinet papers if it is useful but not essential to help Ministers understand the investment proposal. Keep in mind that appendices are part of the paper, and also need to be proactively released.

Required appendices for Cabinet papers seeking business case approvals

- A. Outcomes from the relevant Gateway review
- B. Completed Business Case (IBC, DBC or ImBC)

Appendix A: Gateway Review outcomes

All high-risk investments must undergo a Gateway review ahead of seeking Cabinet approval at each business case stage. Agencies may wish to submit medium-risk investments at the DBC stage for a Gateway review ahead of any future Budget bid proposal.

Include the *business case quality assessment table*, which was completed as part of the Gateway review that reports on the quality measure score and summarises the key focus areas for improvement and agency response to this feedback.

State the overall Delivery Confidence rating from Gateway review and summarise the key findings from the report and agency response using the Action Plan template.

A Delivery Confidence rating of Red or Amber/Red triggers an enhanced notification process. In this case, the agency should also confirm the Assurance of Action Plan has been completed and summarise key findings.

Appendix B: Completed Business Case

Include a copy of the completed Business Case for which you are seeking Cabinet approval for as part of this Cabinet paper.