Attachment 5.2

Infrastructure SA

Guide to Infrastructure Announcements

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infrastructure.sa.gov.au

Background

The planning and delivery of assets and infrastructure is often complex. There is empirical evidence an early announcement of a project without sufficient planning can contribute to significant time and cost over-runs and suboptimal outcomes. This is particularly valid for complex and/or high-risk projects where detailed work is required to confirm requirements and understand risk.

The Grattan Institute report, *The rise of megaprojects: counting the costs,* [1] establishes that premature announcements are a major risk factor in cost overruns, with projects exceeding the original announced budget by an average 21%. The report noted:

> *"An announcement is premature when a government or opposition announces it will build a project for a particular cost, but the project does not yet have the regulatory and/or financial approvals that constitute a technical commitment, and which are needed before it can actually proceed. Premature announcements of this kind are not the norm. They occur about one third of the time, but they have been responsible for more than three quarters of the cost overruns over the past two decades…"*[2]

In the Deloitte Access Economics Investment Monitor: Cost blowouts arrive (Feb 2026)[3] it was reported that across 13 major publicly funded projects valued at $10B or more, the latest cost estimates are collectively around $130 billion higher than initial estimates, with cost pressures driven by:

- Early budgets before scope and risks are defined;
- Delivery capacity constraints and construction cost inflation;
- Governance and contract settings; and
- Growing size and complexity of mega-projects

These overruns now pose material pressure on state government finances and can force trade-offs across project pipelines. The report analyses why this matters, linking systemic issues (scope immaturity, complexity, capacity constraints) to cost blowouts.

Infrastructure Announcements

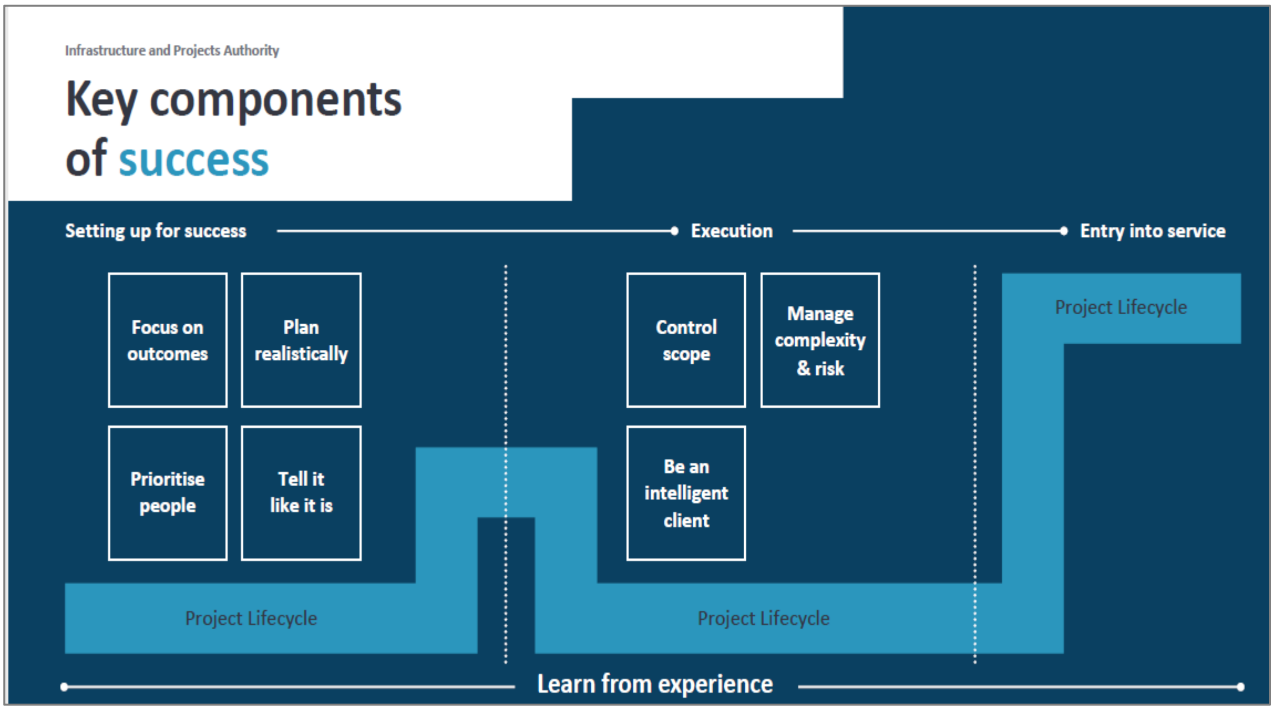
Firm announcements concerning project costs or timeframes should only be made after sufficient investigative and planning work has been undertaken, consistent with the stage of the project's lifecycle. This is important to provide confidence to the community and market that the project is viable and will deliver on its intended outcomes and is progressing appropriately for genuine stakeholder engagement. It is typically not until a contractor has been selected to deliver the project and a contract executed that the overall budget can be identified with a high degree of certainty. Even when the contract has been awarded, some details may still require resolution, for example some:

- projects require further technical investigations, detailed design, planning work, and approvals;
- contracts involve ongoing collaborative open-book costing of specific elements; and
- risks that may be identified could be difficult to quantify with a high degree of certainty until works commence, such as underling site conditions.

There should be a focus on ensuring that sufficient work is undertaken to define the scope, understand risks and undertake probability modelling so that appropriate contingencies can be applied to provide a level of confidence on cost that is appropriate for the stage of the project.

[1] Terrill, M., Emslie, O., and Moran, G. (2020). The rise of megaprojects: counting the costs. Grattan Institute
[2] IBID p19
[3] https://www.deloitte.com/au/en/services/economics/blogs/investment-monitor-cost-blowouts-arrive.html

The UK government's Infrastructure and Projects Authority (IPA) which is now the National Infrastructure and Service Transformation Authority (NISTA), published in July 2020 principles-for-project-success. It contains principles to guide projects through the project lifecycle, with particular emphasis on front-end loading activity to drive success, with the key components provided in the diagram below. 4



[4] Principles for project success - GOV.UK (www.gov.uk)

Infrastructure SA Guide to Infrastructure Announcements

ISA has produced this ***Guide to Infrastructure Announcements*** (the Guide) based on Infrastructure NSW's (INSW) *"Infrastructure Projects-A Guide[5]"* .

The purpose of the Guide is to assist government and stakeholders to manage the release of project details by linking the stages of project development with the level of detail that may be confidently provided to a wider stakeholder audience at each stage.

Presented in a tabular format, the Guide reflects the *ISA Assurance Framework*. Example messages related to time, cost and scope are provided and can be further enhanced by providing the benefits and outcomes to be achieved at each project stage.

The guiding principles are as follows:

- Confidence in scope, cost, time and benefits, increases as a project progresses through its lifecycle.
- Any announcements on projects should not imply a level of certainty beyond the level of work it supports.
- Early commitment to a fixed outcome or scope can undermine the project teams' assessment of alternative investment options, which limits the ability to identify the best value for money option.
- Premature provision of detail on solutions, scope, costs and timeframes may lead to disappointment in the community, undermine confidence and lead to the perception of poor management and potential overruns.
- Where specific detail is not yet available there is still useful information that can be provided to the public.
- It is better to '*under-promise and over-deliver'*, i.e. to exceed expectations.

While the Guide is applicable to all infrastructure projects irrespective of size and complexity, it is particularly useful in its application to projects that are complex, high-risk and environmentally or community sensitive.

For further information, please contact:

Jeremy Conway
Chief Executive
Infrastructure SA

[5] Information On Infrastructure Projects Guide

Project Stage – Project Initiation and Justification

What happens at this stage and what reliable information is available?

A “project” at this stage is an idea that an initiative is required to solve a problem or need or harness an opportunity.

Generally, there is a case for change, an investment need underlying the initiative, and identification of proposed benefits, objectives and outcomes are conceived, which can be shared.

There should not be an automatic assumption that new infrastructure is the solution.

It is too early to estimate cost or delivery timeframes with any degree of accuracy as the project is still in its infancy and being developed.

It is important to utilise stakeholder engagement to confirm the need, expectations, desired outcomes and benefits.

The ISA *Strategic Need Template* provides guidance relating to information typically available at this stage.

What can confidently be said about:

Scope	Cost	Timeframe
– Explain the aim and need that government is trying to address. – Set out potential concepts and options that will be considered. – Take care not to imply a specific solution to the need or any certainty to costs or timing. – Outline any potential community or stakeholder engagement requirements	– Be clear on the commitment of funds for early planning and investigation works only. – Avoid the temptation to make assumptions relating to capital costs or additional budget allocation at this stage. – Explain further work and analysis will be undertaken before a specific solution will be identified.	– Communicate that the timeframe for completion of the project will be further explored in the next stage of planning. – Indicate when more information might be available following the next stage of planning.

Example messages

- *Government has recognised that the growing population in [Area] may mean that the demand for schools may reach the area’s maximum capacity in [YEAR]. If unaddressed, children may not be able to attend their local school and they may need to travel longer distances to attend school.*
- *The Department’s priority is to understand the scope and scale of the problem. We are committing [$XXX] to further investigate the matter, engage with the community and explore various infrastructure and non-infrastructure options. These options will then be assessed from a social, economic, environmental and financial sustainability lens.*
- *This initial work will be completed in [quarter, YEAR]*
- (Should the project not proceed past project justification) *Government has thoroughly investigated the matter and can confirm that no further work is required at this stage, but the area will continue to be monitored to ensure children have access to good schools.*

Project Stage –Options Analysis or Project Feasibility

What happens at this stage and what reliable information is available?

At this stage, the project need and intended outcomes should be confirmed. A range of feasible options should be identified and analysed; however, further work is required to determine the preferred option, its scope and delivery approach. Sometimes this early analysis may be referred to as a "strategic", "preliminary" or "outline" business case; however, this can imply a greater level of certainty than the work merits and should be avoided.

Planning, technical and environmental investigations are unlikely to be completed and may impact on the project options.

Any cost estimates and delivery timeframes are indicative and should be used for comparative purposes only and not be regarded as definitive. Due to lack of information an informed decision should not be made.

It is important to utilise stakeholder engagement to gain feedback, support or opposition to the options without implying a preferred solution.

The ISA *Options Analysis Template* provides guidance for information typically available.

Should the project be abandoned at this stage and the original problem unresolved then specialist communications advice should be sought.

What can confidently be said about:

Scope:	Cost:	Timeframe:
– Confirm the problem to be solved and the intended outcomes. – Outline the range of options that have been considered and that will be further analysed. – Take care not to imply a specific solution or any certainty to costs or timing. – Broadly discuss the options and their likely pros and cons.	– Confirm commitment to fund the next stage of investigation and evaluation. – Treat project cost estimates with caution as they are unreliable at this stage. – Limit any mention of capital cost estimates to a very broad range, providing an indicative order of magnitude to avoid implying any certainty. – Should a capital budget amount be announced, advise that it is an estimate, could fluctuate and will be determined through further investigation.	– Confirm the timeframe for finalising this stage. – If delivery timeframes are provided, the level of detail should indicate the *year* or *half year* – as opposed to nominating *quarters* or *months* and that the time frame will also be confirmed through further work.

Example messages

- *Government has confirmed that school demand will likely exceed local school capacity in [Area] by [Date].*
- *A number of options have been identified, and the following have been shortlisted as possible solutions...*
- *These options will be the subject of a full and detailed business case, which will be undertaken and delivered in [half-YEAR/YEAR] to ensure the government and the community have appropriate, realistic and deliverable options.*
- *Consultants have been appointed to assist with the business case. As the business case progresses, further community engagement will occur. Once the business case is completed and reviewed by Infrastructure SA government will consider the recommendations.*
- *It is expected that the business case will be completed in [quarter, YEAR]*

Should the project not proceed past business case development

- *Government has carefully considered the business case, and its options, and has concluded that at this stage no option appears to fully meet government and community needs and therefore the project has been put on hold.*

Project Stage – Final Business Case and Investment Decision

What happens at this stage and what reliable information is available?

A Final Business Case includes the thorough analysis of requirements, evaluates options and proposes a preferred solution, including costs, time, benefits and a delivery approach, with some certainty

The Final Business Case must provide a rigorous assessment of project need, options, costs, benefits, risks and delivery approach to support an informed government investment decision, including whether to commit funding and proceed to the next stage. Prior to any funding commitment, project risks should be realistically quantified, with appropriate contingency and risk allowances incorporated in addition to the base cost estimate.

Risks should be priced through a Quantitative Risk Assessment and an appropriate contingency determined. Significant risks (geotechnical, contamination, services, planning, land acquisition, etc) should have been investigated and reduced through a better understanding of the true nature of the risk.

The project will continue to be refined as detailed site investigations, regulatory approvals, further development and procurement activities progress.

There is still the potential for projects to be deferred, pending further development and reviews of budget, planning, consultation, environmental, cultural or heritage matters.

In some instances, Government may wish to defer a decision to proceed with complex, high risk projects until post approval, consultation processes and detailed technical investigations to ensure a reliable cost estimate supports the decision to proceed. Market forces including escalation, resource and supply chain availability may also support a deferral until such time as the market is more favourable.

The ISA *Business Case Template* provides guidance for the information typically available at this stage.

What can confidently be said about:

Scope:	Costs:	Timeline:
– Re-confirm the problem being solved and the intended outcomes. – A final business case has been completed which identified a preferred option. – Explain the feasibility of the preferred option will be progressed through further detailed design, environmental assessment, community and industry engagement and approvals. – Acknowledge known risks and trade-offs.	– Confirm the Government's commitment to seeking a solution and funding a realistic and cost-effective option. – If the decision to announce the budget is being deferred explain that the budget will be better understood once the project has progressed through further detailed design, site investigation, community consultation and planning approval. – Government may also defer projects based upon affordability ie the existing capital program is already heavily committed, and Government will pursue the project once existing commitments have been delivered to ensure no unnecessary burden on taxpayers or State debt. – If the project budget is announced be clear that it is the total budget allocation rather than just the construction cost to avoid confusion.	– Provide indicative timeframes for planning, design, procurement and approvals. – Communicate the final delivery strategy and construction timeframes as determined through industry engagement. – Avoid announcing specific months for completion until further work is completed and the procurement, design and approval processes are complete.

Example Messages

- *Government has confirmed that it will invest [$XXX] for [Project] to meet the growing local community's future school needs.*
- *A wide range of options had been identified but the preferred option is a new school located at [site] to be open for student intake in [YEAR].*
- *Benefits arising from this project include:*
  - *# of jobs created during and after construction*
  - *Innovation opportunities*
  - *Place-making and city-shaping.*
  - *Local industry participation*
  - *Local community benefits*
  - *Improved educational facilities.*
- *Government has commenced detailed design and will be seeking approvals through [describe planning process].*
- *Throughout the delivery of the project Government will continue to engage with key stakeholders and the community.*
- *Government expects that all necessary approvals will be gained by [quarter, YEAR].*

Project Stage – Procurement

What happens at this stage and what reliable information is available?

At this stage, designs have been developed to a more advanced stage and site investigation/s have generally taken place to the extent possible prior to commencement of works.

The statutory planning documentation and supporting environmental impact assessment reports may have been published for community input as part of the planning approvals process. Much of the information released relates to impacts on the community, heritage and the natural environment. Outcomes of the approvals process may still change scope and timings.

A planning consent has generally been received, incorporating community feedback and conditions of consent.

The scope and delivery approaches are well defined, with the procurement process ready to commence to select a project delivery partner. At this stage, estimates of costs and timing are well developed. However, they are both subject to tender responses and remain subject to risk. The procurement approach and tender result can influence or change the final contract requirements including design, budget and program.

Post Tender Assessment / Contract Award

Even post contract award some requirements may still need to be resolved during delivery of the project.

An overall budget is usually known with relative certainty, including the cost of construction, fees, escalation and contingency rates.

The project delivery contract type (lump sum, D&C, managing contractor, alliance etc) all influence the final project outcomes and certainty of scope, budget and program. It is recommended that any announcement clearly notes the procurement approach and the accuracy of information available with that approach.

What can confidently be said about:

Scope:

- Scope and design can be described in more detail, with an emphasis on benefits and outcomes.
- The community is likely to be most interested in a description of the key features that will be available to users and visitors to the facility.

Costs:

During the tender process

- As the investment decision and budget allocation has already been provided refrain from making further announcements on the project budget.

After Contract Award

- Procurement rules require that details of major contracts are published once the contract is awarded and this includes who the project is awarded to and the value of the contract.
- At this stage the overall budget is defined including the costs for:
  - further planning and design;
  - fees and project management;
  - construction; and
  - escalation and contingency.

Timeframe:

- Provide a timeline for procurement.
- The timeline for the project should be expressed only as a range for commencement and key stages, or as a target that is subject to tender responses.
- Identify the participants in the expression of interest or tender process.
- The program will be clearer once the contractor has completed further investigation work/design and detailed assessment of resources.

Example messages (Gate 3: Procurement)

- *Government is calling for a [ROI, EOI, RFP, RFT,] from the market for the project.*
- *Market responses will be carefully assessed and depending upon the quality of the responses the aim is to recommend a preferred tenderer/bidder/proponent by [Month, YEAR]*
- *Subject to successful negotiations, commencement of the project is expected by [Month, YEAR]*

After Contract Award

- *Government is pleased to announce the award of [Project] contract to [Contractor].*
- *Construction is due to commence in [Month, YEAR] and be complete in the latter half of [YEAR] with key stakeholders engaged throughout the delivery process.*

Reiterate the benefits, especially around job creation and local industry participation.

Project Stage - Readiness for Service		
What happens at this stage and what reliable information is available?		
The project is practically complete, commissioned and ready for service. The precise public opening date depends upon successful testing and commissioning activities. There is a high level of certainty in final outturn costs. However, there are often some contractual claims that require resolution and usually defects that need to be addressed.		
What can confidently be said about:		
Scope: – Scope, project deliverables and benefits are now well known and can be confirmed.	Costs: – Outturn cost compliance with the approved budget, subject to any outstanding matters or claims, can be confidently provided.	Timeframe: – Nominate a target opening date [Month/Quarter]. – Announce opening date following final testing and commissioning.
Example messages:		
• *Government is pleased to announce that [Project] will be officially opened in [Month] and has delivered on all its projects requirements creating high quality infrastructure that will meet the needs of the community for many years to come.* Reiterate the benefits, especially around job creation, local industry participation and community outcomes.		

Contact

Infrastructure SA

Level 15, Wakefield House
30 Wakefield Street
Adelaide SA 5000

GPO Box 2343
Adelaide SA 5000

E ISAAssurance@sa.gov.au