IDEAS ADVISORY

Building the business case

VICTORIA State Government | Treasury and Finance

IPAA VICTORIA

Acknowledgement of Country

Ideas Advisory acknowledges the Traditional Custodians of country throughout Australia and their connections to land, sea and community. We pay our respect to their elders past, present and emerging.

We extend that respect to all Aboriginal and Torres Strait Islander people today.

Chatham House Rule

When a meeting, or part thereof, is held under the Chatham House Rule, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed.

Event Speakers

Greg Gough

Managing Director,
Ideas Advisory

www.ideasadvisory.com.au
greg@ideasadvisory.com.au
www.linkedin.com/in/greggoughideasadvisory
www.linkedin.com/company/ideas-advisory
0411 885 889

https://ideasadvisory.com.au/services/information-sessions/ipaa/slide-packs/

Introduction

Part 1: Investment Case

- Government decision-making processes and context setting
- Problem definition and the case for change (develop a compelling 'Why now')
- Response option development (create a reasoned list of strategic ways forward)
- Case for change (Benefits). What are the benefits of solving the problems? Outcome vs output benefits
- Project options assessment (develop a reasoned and complete list of project options)

Part 2: Delivery Case

- Project solution (validate a well-considered and complete solution)
- Commercial and procurement (demonstrate the investment is in good hands)
- Planning, environment, heritage, land and culture (prove the consideration of multiple criteria)
- Project schedule (establish the investment will be delivered on time)
- Project budget (assure the investment will be delivered on budget)
- Management

Tips and traps
Useful tools

IDEAS ADVISORY

IDEAS ADVISORY

Fundamentals of developing a business case

First steps

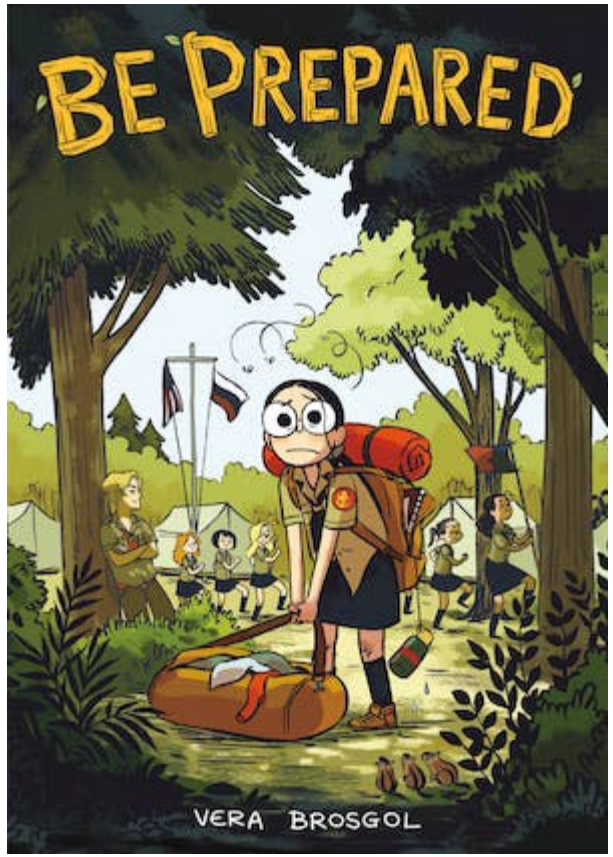
Prepare

Understand evaluation criteria

Understand the audience of the business case

Understand the audience’s objectives

Build the case for investment



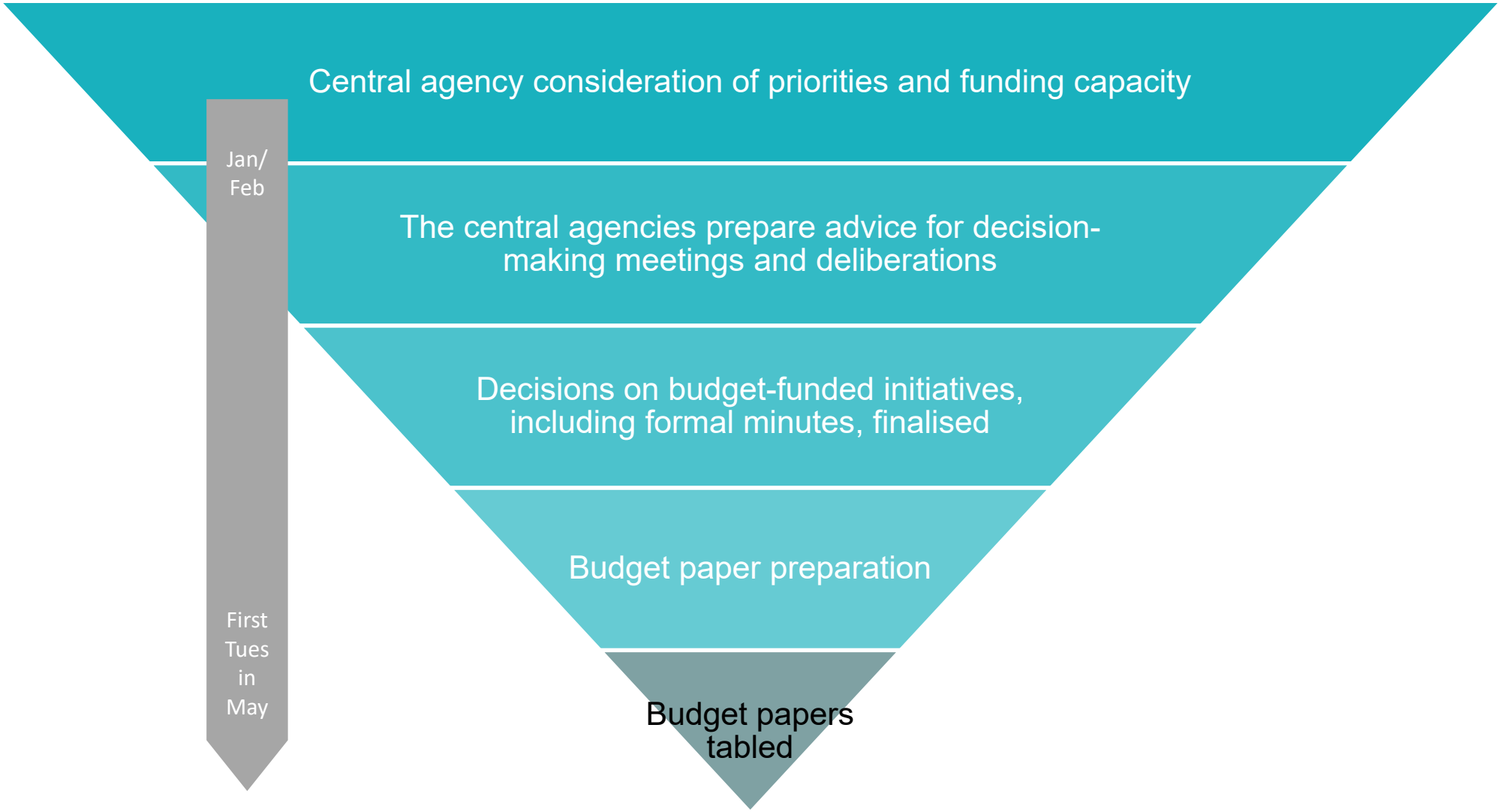
Be Prepared
Author: Vera Brosgol

IDEAS ADVISORY

Fundamentals of the budget process

Why this investment, and why now?

A typical budget process



IDEAS ADVISORY

Central agencies role

Role in preparing advice to inform decision making

- While departments and Ministers have an understanding of their individual priorities, it is the responsibility of central agencies to consider these **in the context of other Government priorities.**
- These priorities include **budget capacity**.
- DTF provides advice to the Treasurer ahead of ERC meetings and advise on any queries falling out of meetings as part of report backs.
- DPC provides advice to the Premier ahead of ERC meetings and advise on any queries falling out of meetings as part of report backs.

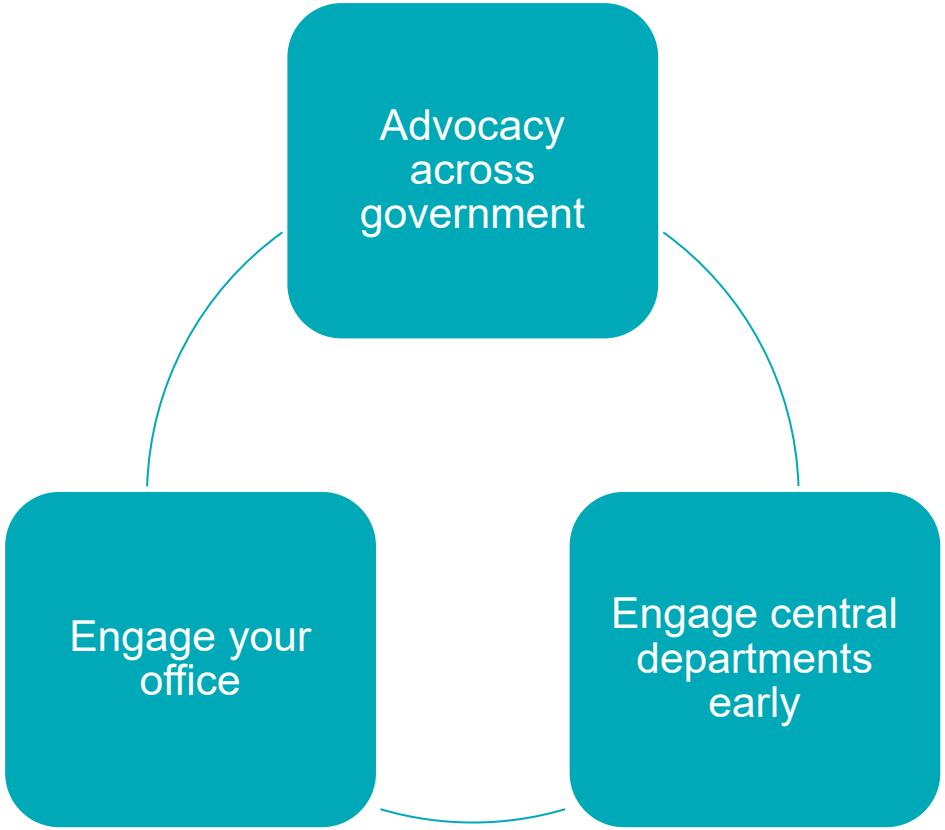
IDEAS ADVISORY

After decisions

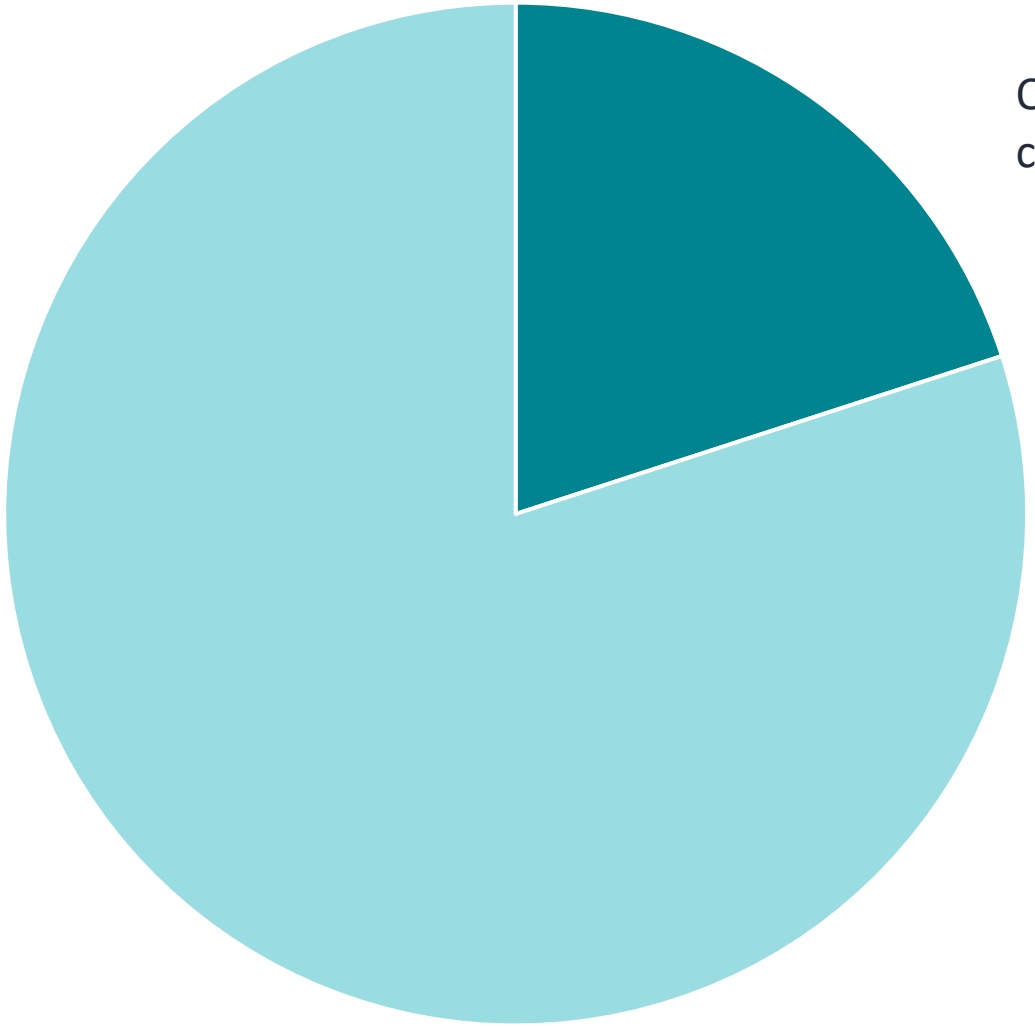
What happens after decisions are made?

- Once decisions are made and minutes agreed, we transition to budget production.
- This includes the delivery of five separate budget papers, supplementary Budget Information Papers, and media releases.

How can you influence the process



Competitive budget process



Only a small portion of all business cases can be funded…

From business case development to projects for delivery

1) Business cases are developed
Departments develop business cases to request funding from the State Budget on behalf of their ministers and package them into a 'submission'.

2) Submissions lodged
Each Department lodges its submission to DTF

3) **Positions taken on each business case**
'Big DTF' and 'Big DPC' consider each business case and a position is taken on whether they are supported or not

4) **Ministerial consideration**
Responsible ministers consider the summarised DPC and DTF advice, plus associated business cases

5) **Decisions are confirmed, and budget papers printed**

6) **State Budget announces projects to be delivered**

IDEAS ADVISORY

IDEAS ADVISORY

Why do we need a business case?

Why a business case?

The business case is important to decision making tool

- It provides **key information** needed to assess proposals competing for funding
- Allows **efficient and effective resource allocation** decisions
- If approved it will be **implemented as planned**
- Provides **confidence** it is the right thing to be investing in
- It provides those responsible for investment delivery with a **clear description of what needs to be delivered**

IDEAS ADVISORY

What makes a strong business case?

A strong business case provides clear, robust evidence that an initiative:

- Addresses a well defined, real and current problem
- Is good public policy
- Is closely aligned with government priorities
- Is the most cost effective way of addressing a problem
- The solution can be implemented and will deliver benefits

IDEAS ADVISORY

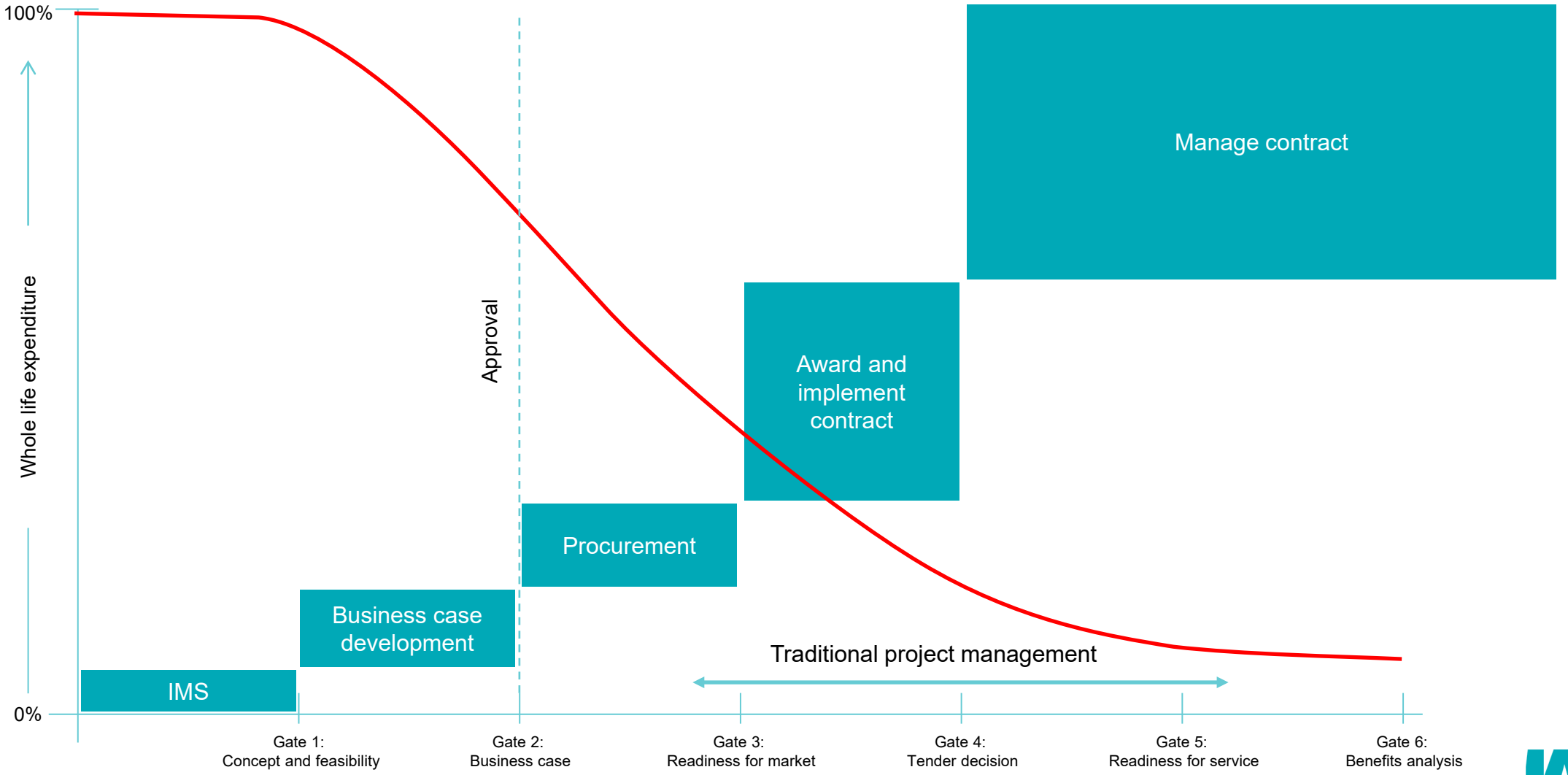
Commonly-seen business case failings

After reviewing hundreds of business cases there are some common themes needing improvement

- Starting with the solution in mind
- Poorly defined problems
- Lack of evidence to support claimed problems and benefits
- Lack of genuine strategic and project options
- Inadequate delivery structure and governance
- Inconsistencies between the business case and other products

IDEAS ADVISORY

Opportunity to influence the outcome of an investment



IDEAS ADVISORY

Investment Decision-Maker's Checklist – 16 Question Tool

Problem	Benefits	Response	Solution
1. Is it clear what the problem is that needs to be addressed - both the cause and effect?	**5.** Have the benefits that will result from fixing the problem been adequately defined?	**9.** Has a reasonable spread of interventions been identified and packaged into sensible response options?	**13.** Consistent with the preferred response option, has a reasonable spread of project options been analysed?
2. Is there sufficient evidence to confirm both the cause and effect of the problem?	**6.** Are the benefits of high-value to the government?	**10.** Is there evidence to demonstrate that the response options are feasible and can respond to future uncertainty?	**14.** Is the recommended solution the best value for money action, and have opportunities for building flexibility to deal with uncertainty been considered?
3. Does the problem need to be addressed now and by this government?	**7.** Are the KPIs SMART and will they provide strong evidence that the benefits have been delivered?	**11.** Were the options evaluated fairly to reflect their ability to respond to the problem, deliver the benefits?	**15.** Is the solution specified clearly and fully and have opportunities for adding value been identified and costed? (all business changes and assets)
4. Does the defined problem capture its full extent/scope including sources of future uncertainty?	**8.** Have the sources of uncertainty and key dependencies critical to benefit delivery been considered?	**12.** Is the preferred response option the most effective way to address the problem and deliver the benefits?	**16.** Can the solution really be delivered (cost, risk, timeframes etc)?

Investment Decision-Maker's Checklist – 16 Question Tool

Problem	Benefits	Response	Solution
1. Is it clear what the problem is that needs to be addressed - both the cause and effect?	**5.** Have the benefits that will result from fixing the problem been adequately defined?	**9.** Has a reasonable spread of interventions been identified and packaged into sensible response options?	**13.** Consistent with the preferred response option, has a reasonable spread of project options been analysed?
2. Is there sufficie confirm both the c effect of the probl		ence to the response ble and can uncertainty?	**14.** Is the recommended solution the best value for
3. Does the probl addressed now a government?		ons evaluated eir ability to roblem, deliver	
4. Does the defined problem capture its full extent/scope including sources of future uncertainty?	**8.** Have the sources of uncertainty and key dependencies critical to benefit delivery been considered?	**12.** Is the preferred response option the most effective way to address the problem and deliver the benefits?	**16.** Can the solution really be delivered (cost, risk, timeframes etc.)?

Investment case

…is it a real problem that needs to be addressed now by government?

Delivery case

….is it likely to deliver what it says?

Investment Decision-Maker's Checklist – 16 Question Tool

Problem	Benefits	Response	Solution
1. Is it clear what the problem is that needs to be addressed - both the cause and effect?	**5.** Have the benefits that will result from fixing the problem been adequately defined?	**9.** Has a reasonable spread of interventions been identified and packaged into sensible response options?	**13.** Consistent with the preferred response option, has a reasonable spread of project options been analysed?
2. Is there compelling evidence to confirm both the cause and effect of the problem?	**6.** Are the benefits of high value to the government?	**10.** Is there evidence to demonstrate that the response options are feasible and can respond to future uncertainty?	**14.** Is the recommended solution the best value for money action, and have opportunities for building flexibility to deal with uncertainty been considered?
3. Does the problem need to be addressed/solved by this government?	**7.** Are the KPIs SMART and will they provide strong evidence that the benefits have been delivered?	**11.** Were the options evaluated fairly to reflect ability to respond to the problem, deliver the benefits?	**15.** Is the solution specified clearly and fully and have opportunities for adding value been identified and tested? (all business changes and assets)
4. Does the defined problem capture its full extent/scope including sources of future uncertainty?	**8.** Have the sources of uncertainty and key dependencies critical to benefit delivery been considered?	**12.** Is the preferred response option the most effective way to address the problem and deliver the benefits?	**16.** Can the solution really be delivered (cost, risk, timeframes etc.)?

OK-ish

WEAK

WEAK

WEAK

INCOMPLETE

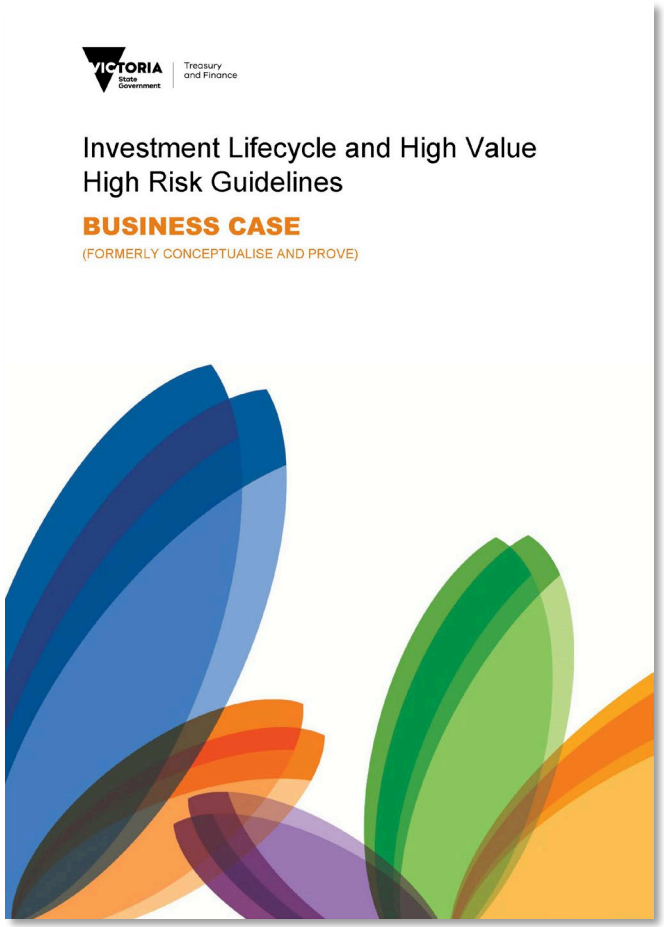
STRONG

As a result…

- Millions/billions spent on unnecessary business cases
- Demand vs supply-side investments
- Inability to prioritise competing investments
- Funding-focused rather than investing-focused
- Project-focused not investment-focus
- Poor at considering strategic options
- We don't define benefits and we almost never track them
- There's a disconnect between good policy and its implementation

IDEAS ADVISORY

Investment Lifecycle and High Value High Risk Guidelines – Business Case 2023

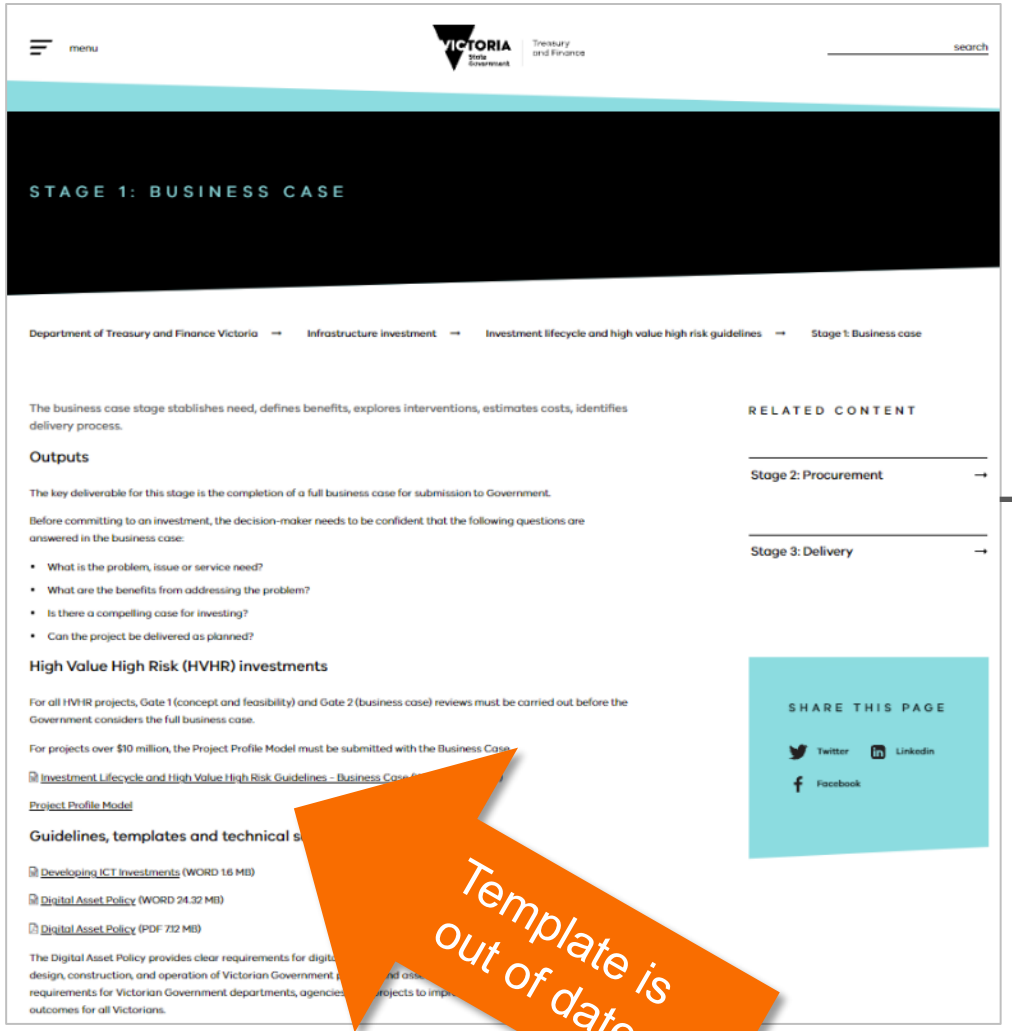


A strong business case provides clear, robust evidence that an initiative:

- Addresses a well defined, real and current problem
- Is good public policy
- Is closely aligned with government priorities
- Is the most cost effective way of addressing a problem
- The solution can be implemented and will deliver benefits

IDEAS ADVISORY

Where to find guidance (except the business case template)



www.dtf.vic.gov.au/investment-lifecycle-and-high-value-high-risk-guidelines/stage-1-business-case

IDEAS ADVISORY

Components of a business case

Question

How complex does your business case need to be?

IDEAS ADVISORY

Victorian business case templates

Long-form versus **short-form business cases**

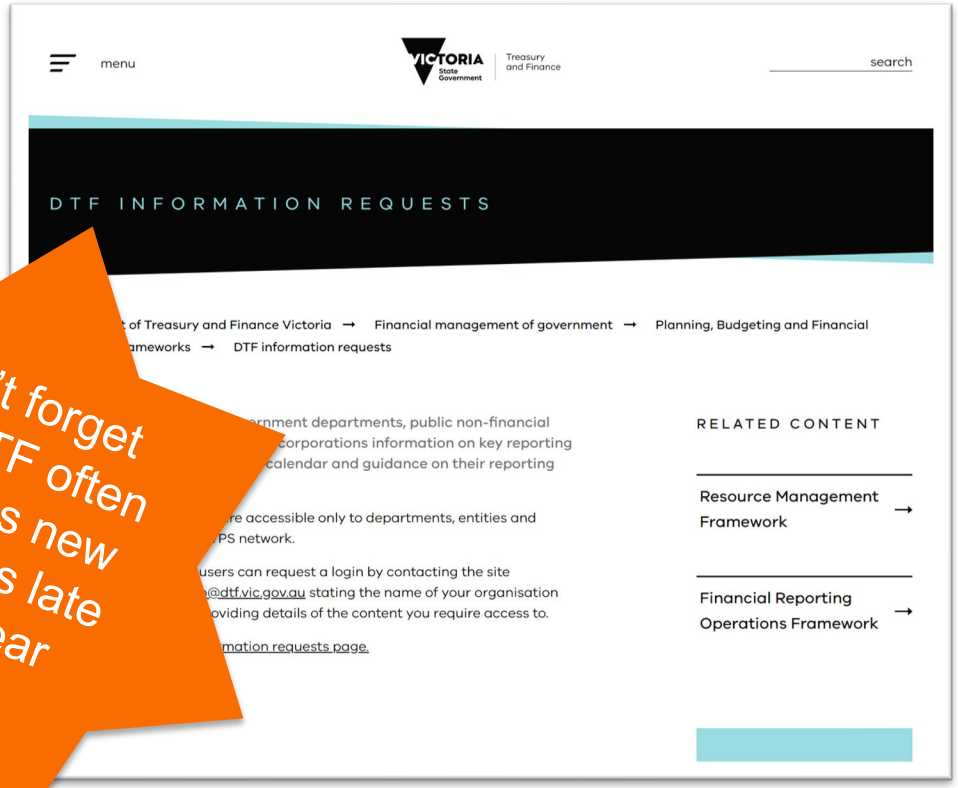
In deciding whether to complete a short- or long-form business case template, Ministers and departments should consider the size and complexity of the output initiative.

Assets	Outputs
All asset investments with a TEI **under $10 million** (unless they are classified as high risk) are only required to complete a short-form business case template.	DTF anticipates most output funding requests will adopt the short form template.
All investments classified as **high risk or with a TEI over $10 million** are required to complete a long-form business case template.	Where appropriate, the long-form business case may be completed for more complex and/or larger output initiatives.

IDEAS ADVISORY

Victorian business case templates – where to get them

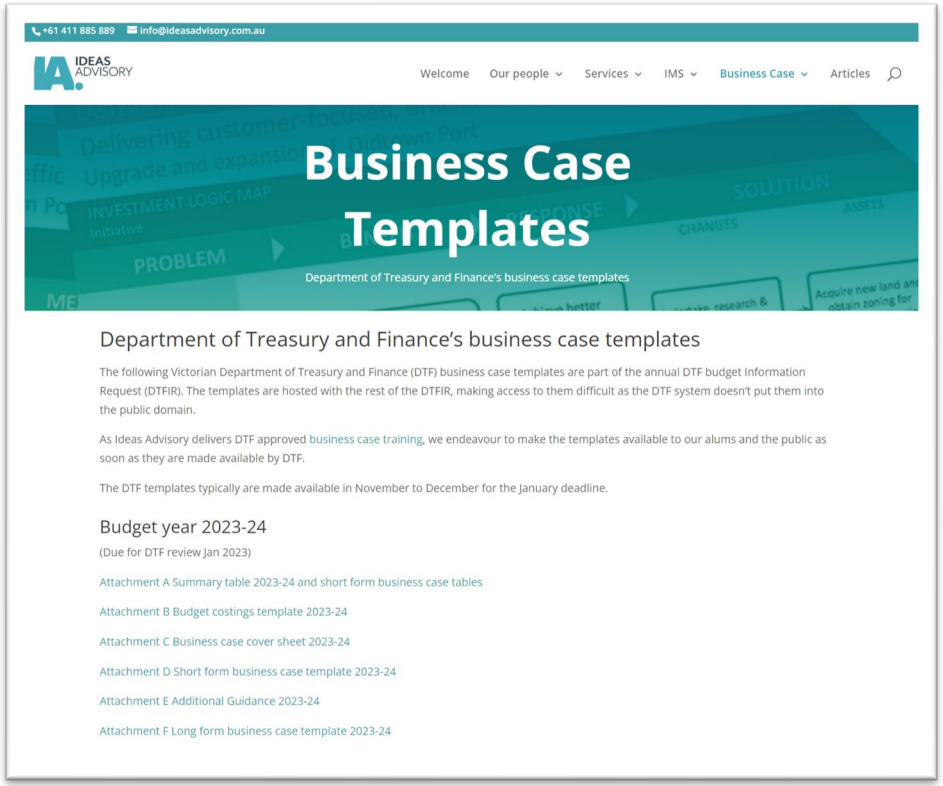
DTF or your department



Don't forget that DTF often releases new templates late in the year

https://www.dtf.vic.gov.au/planning-budgeting-and-financial-reporting-frameworks/dtf-information-requests

Ideas Advisory



https://ideasadvisory.com.au/business-case/business-case-templates/

IDEAS ADVISORY

Which investments are HVHR?

A project will be classified as HVHR if it's a budget-funded project that is:

- considered high-risk using DTF's risk assessment tool, the Project Profile Model (PPM) *(available on DTF website)*
- considered medium-risk using the PPM and has a total estimated investment (TEI) of between $100 million and $250 million
- considered low-risk using the PPM, but has a TEI over $250 million, or
- identified by government as warranting the rigour applied to HVHR investments.

Determining the HVHR status of projects

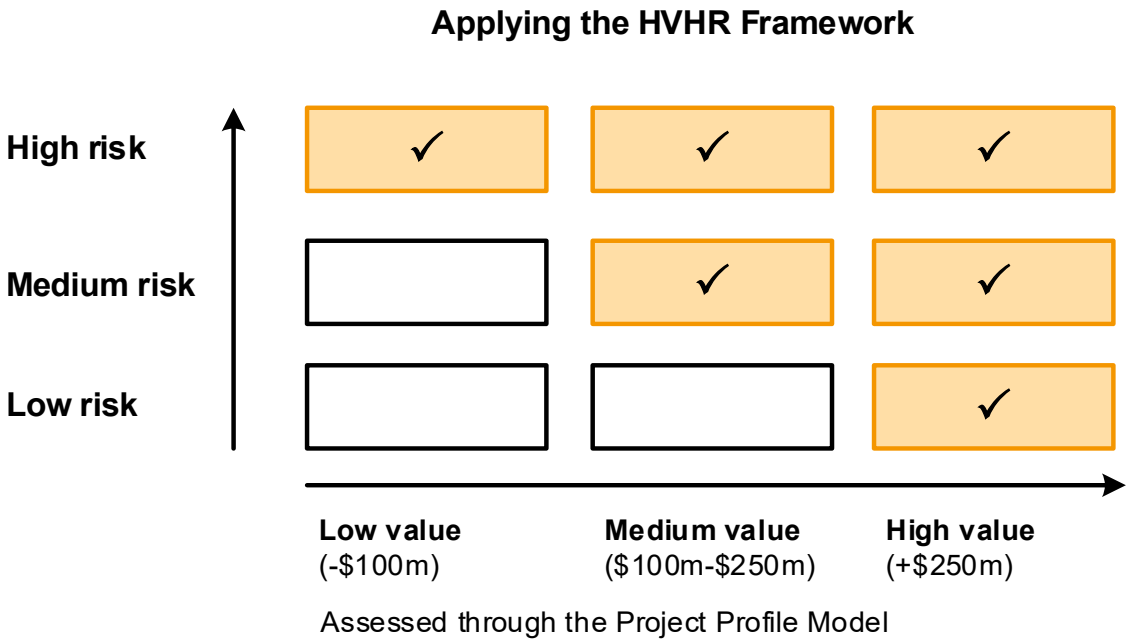


Image source: DTF

Components of a long-form business case

Why

- Part 1 – Investment case
  - Problem definition
  - Case for change (benefits)
  - Response option development
  - Project options assessment

How

- Part 2 – Delivery case
  - Project solution
  - Commercial and procurement
  - Planning, environment, heritage, land and culture
  - Project schedule
  - Project budget
  - Management

IDEAS ADVISORY

Components of a short-form business case

- Overview
- Problem
- Recommended solution
- Outcomes measurement
- Current program funding
- Funding sought
- Deliverability
- Staffing requirements
- Exit strategy
- Other relevant information

IDEAS ADVISORY

Template comparison

Component	DTF long form template	DTF short form template
Title	Proposes the most significant overarching business outcome or benefit	It should be short, descriptive, and clearly indicate what the submission is about.
Subtitle	Proposed BP3 initiative name	Proposed BP3 initiative name
Overview	3900 characters only	3900 characters only
Problem definition	Chapter 1	Chapter 2.1
Case for change (benefits)	Chapter 2	Chapters 3.1 and 4.1
Response option development	Chapter 3	Chapter 3.2
Project options assessment	Chapter 4	Chapter 3.2
Project solution	Chapter 5	Chapter 3.1
Commercial and procurement	Chapter 6	Chapter 7.2
Planning, environment, heritage, land and culture	Chapter 7	Chapters 3.4 and 7.1
Project schedule	Chapter 8	Chapter 7.3
Project budget	Chapter 9	Chapters 5 and 6
Management	Chapter 10	Chapter 7.1

IDEAS ADVISORY

Detail when developing a business case

	Step	Strategic assessment	Preliminary business case	Full business case	
				HVHR	Non-HVHR
Investment case	Problem definition	Conceptual	Developed	Comprehensive	Comprehensive
	Case for change	Conceptual	Developed	Comprehensive	Comprehensive
	Response option development	Conceptual	Developed	Comprehensive	Developed
	Project options assessment*	N/A	Developed	Comprehensive	Developed
Delivery case	Project solution	N/A	Conceptual	Comprehensive	Comprehensive
	Commercial and procurement	N/A	N/A	Comprehensive	Comprehensive
	Environment and planning	N/A	Conceptual	Comprehensive	Comprehensive
	Project schedule	N/A	Conceptual	Comprehensive	Comprehensive
	Project budget	N/A	Conceptual	Comprehensive	Comprehensive
	Management	N/A	N/A	Comprehensive	Comprehensive

* “Response option assessment” is used in some of the guidance material – “Project options assessment” is the correct term

Comprehensive	Developed	Conceptual

IDEAS ADVISORY

Projects versus programs

Investment decisions are based on projects, or a program of projects. Projects are single investments with a discrete set of objectives. A project is typically stand-alone and may have its own dedicated resources including staffing for its delivery.

In some cases, there may be benefits to investing in a program, or a package of projects, that can be coordinated and delivered jointly, and where implementing the individual components achieves single delivery outcomes and benefits.

In both cases, projects and programs can be delivered in one or more phases, and can set out the expected benefits to be delivered by phase.

IDEAS ADVISORY

Detail when developing a business case

	Step	Full business case	
		Program	Component
Investment case	Problem definition	Comprehensive	Alignment and specifics
	Case for change	Comprehensive	Alignment and specifics
	Response option development	Comprehensive	Conceptual if other options exist
	Project options assessment*	Comprehensive	Developed
Delivery case	Project solution	Developed	Comprehensive
	Commercial and procurement	Developed	Comprehensive
	Environment and planning	Developed	Comprehensive
	Project schedule	Developed	Comprehensive
	Project budget	Developed	Comprehensive
	Management	Developed	Comprehensive

* “Response option assessment” is used in some of the guidance material – “Project options assessment” is the correct term

Comprehensive	Developed

IDEAS ADVISORY

Things to think about when writing a business case

Don’t assume the knowledge of the reviewer

Speak concisely and engagingly

Use plain English

Be honest

Evidence, evidence, evidence!

Referencing is vital

Be careful of cognitive bias

Don’t be repetitive

Don’t be repetitive

IDEAS ADVISORY

Components of a business case – Title and subtitle

Title or Submission name

Proposes the most significant overarching business **outcome or benefit** that will be achieved as a result of the investment

Subtitle or Proposed BP3 initiative name

Typically highlights an asset, output, project or program

i.e. the publication title for the initiative if it were to be funded in the budget process

Example 1

Providing stable and secure homes for the vulnerable in East Geelong

Homes Victoria Big Housing Build - Ormond Road, Thomson

Example 2

Enabling a resilient and sustainable emergency service sector

Three new multi-bay units in the south west region of Victoria

IDEAS ADVISORY

IDEAS ADVISORY

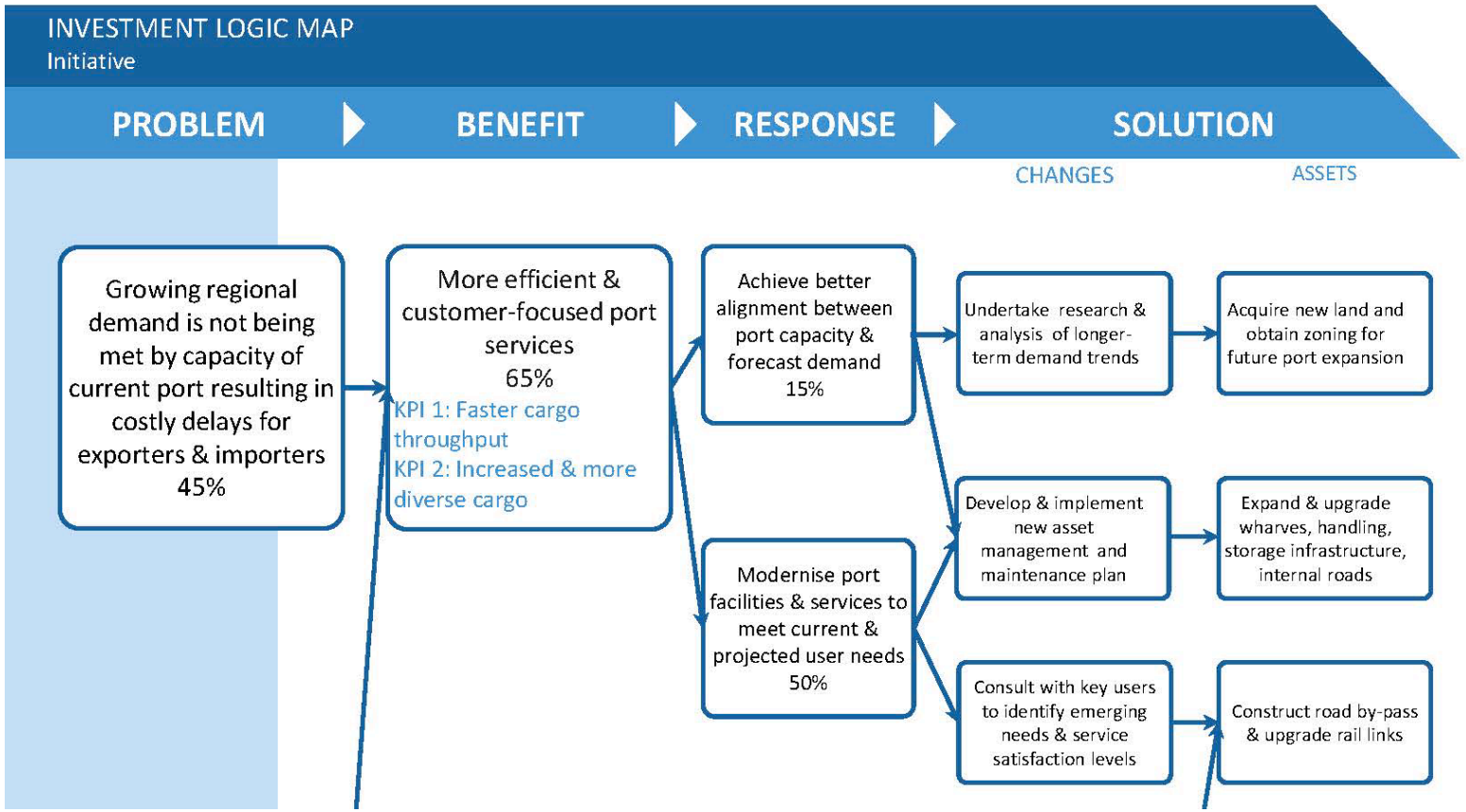
Investment Management Standard

Investment Logic Map (ILM)

EASTERN PORT AUTHORITY

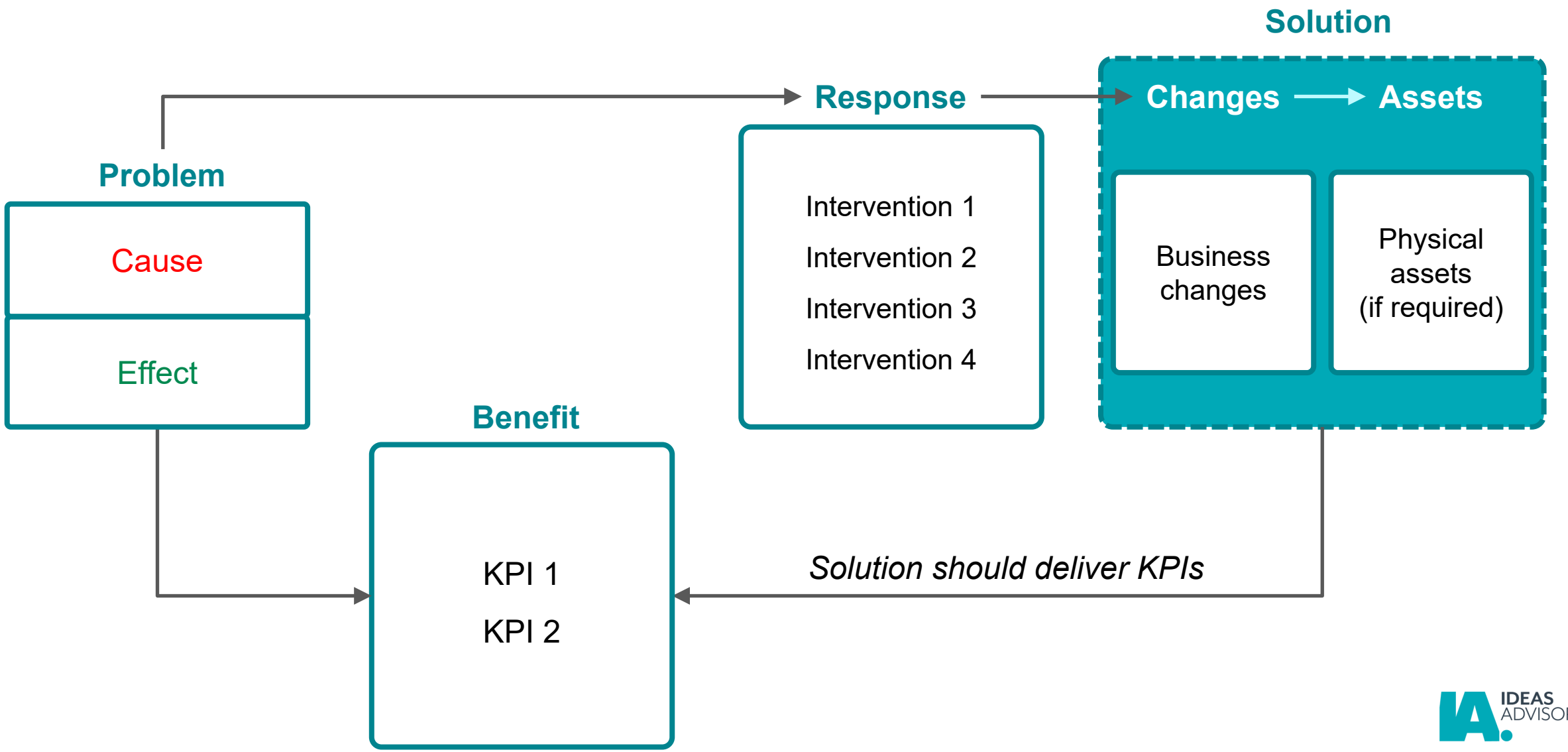
Delivering customer-focused, efficient and secure port services:
Upgrade and expansion of Oldtown Port

INVESTMENT LOGIC MAP
Initiative

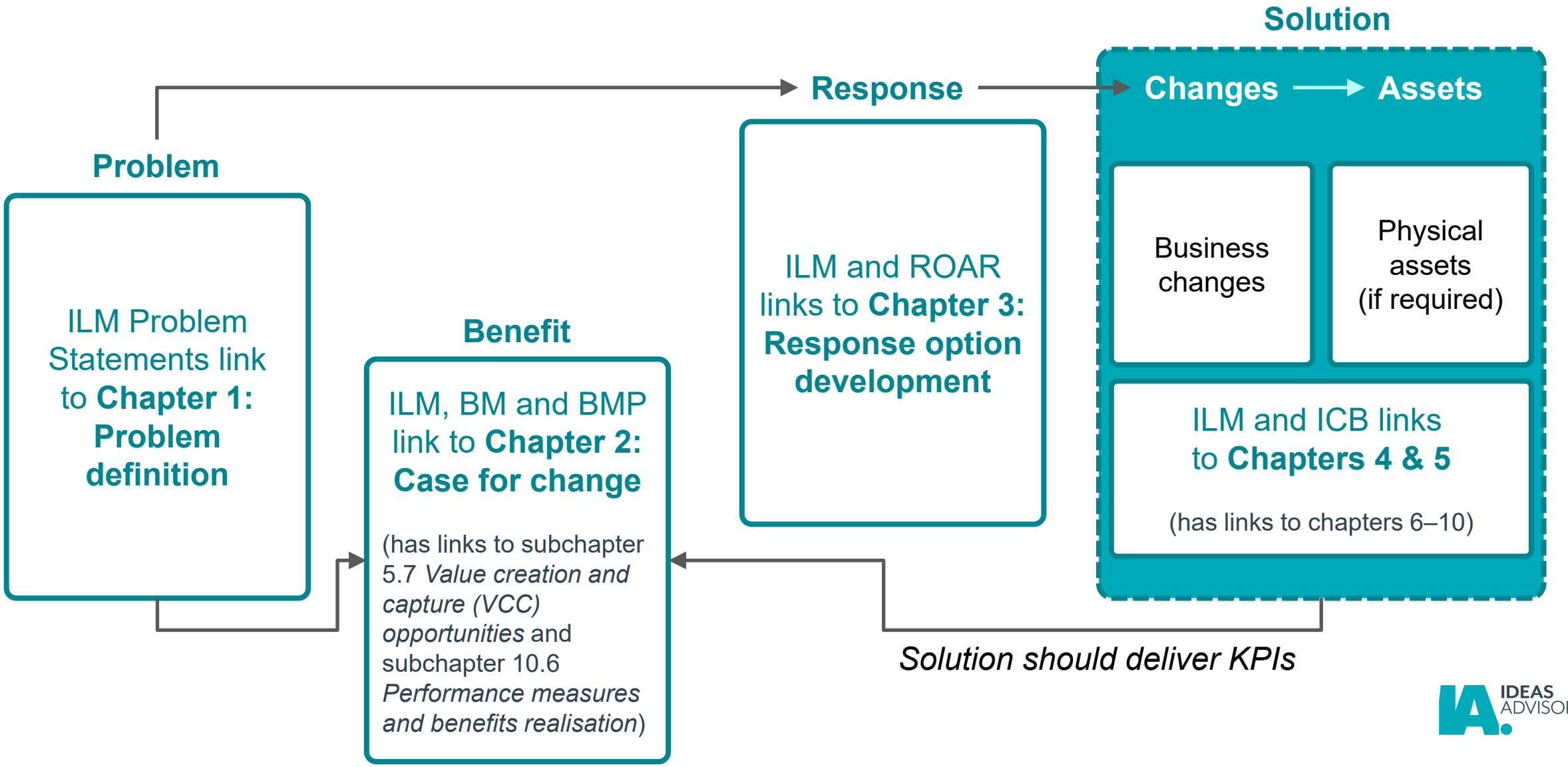


IDEAS ADVISORY

Logic flow through the ILM

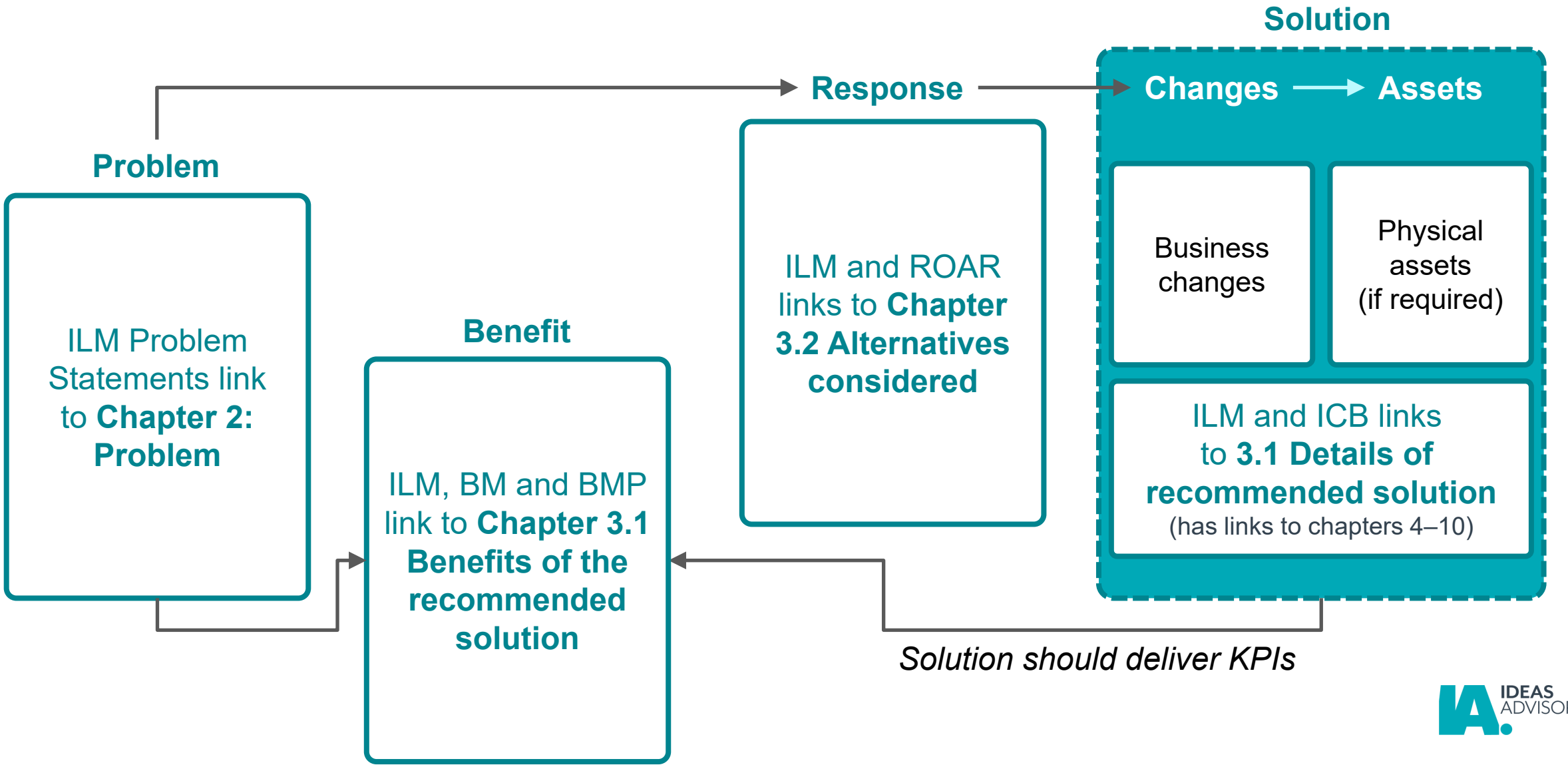


IMS an the connection to the **long form** business case



IDEAS ADVISORY

IMS an the connection to the **short form** business case

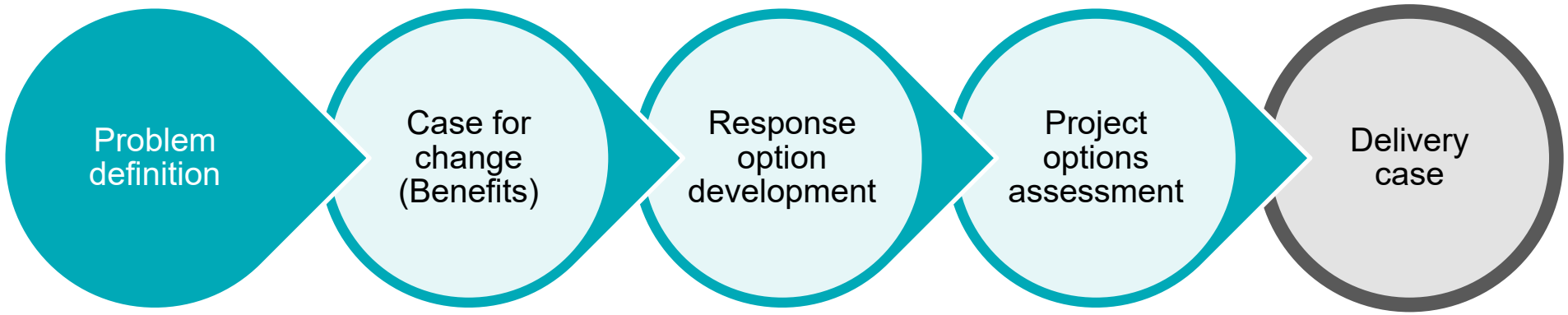


IDEAS ADVISORY

Developing a business case

Part 1 – Investment case

5 key elements of the business case



Investment Decision-Maker's Checklist – 16 Question Tool

Problem	Benefits	Response	Solution
1. Is it clear what the problem is that needs to be addressed - both the cause and effect?	**5.** Have the benefits that will result from fixing the problem been adequately defined?	**9.** Has a reasonable spread of interventions been identified and packaged into sensible response options?	**13.** Consistent with the preferred response option, has a reasonable spread of project options been analysed?
2. Is there sufficient evidence to confirm both the cause and effect of the problem?	**6.** Are the benefits of high-value to the government?	**10.** Is there evidence to demonstrate that the response options are feasible and can respond to future uncertainty?	**14.** Is the recommended solution the best value for money action, and have opportunities for building flexibility to deal with uncertainty been considered?
3. Does the problem need to be addressed now and by this government?	**7.** Are the KPIs SMART and will they provide strong evidence that the benefits have been delivered?	**11.** Were the options evaluated fairly to reflect their ability to respond to the problem, deliver the benefits?	**15.** Is the solution specified clearly and fully and have opportunities for adding value been identified and costed? (all business changes and assets)
4. Does the defined problem capture its full extent/scope including sources of future uncertainty?	**8.** Have the sources of uncertainty and key dependencies critical to benefit delivery been considered?	**12.** Is the preferred response option the most effective way to address the problem and deliver the benefits?	**16.** Can the solution really be delivered (cost, risk, timeframes etc)?

Components of the business case – Problem definition

- Background
- Define the problem
- Evidence of the problem
- Timing considerations
- Consideration of broader context
- Problem dependencies and interfaces
- Uncertainty around the problem
- Summary
- Method and criteria
- Location information

IDEAS ADVISORY

Define the problem first – not the solution

What issue(s) are we trying to solve or address?

What is the:

- cause of the problem?
- effect of the problem on the organisation and/or community?
- case for intervention to address the problem?

What evidence might be used to support this?

IDEAS ADVISORY

Good problem statements

They are:

- Correctly constructed with **cause** and **effect**
- Supported by evidence that the problem exists and that there is a correlation between the cause and effect
- The effect is an end consequence that is measurable NOT an intermediate outcome which is less compelling
- Is compelling and is something that we care about

Opportunity or need

Whilst it is possible to have an opportunity or need (and the guidance talks about these as options) in practice this is extremely rare

IDEAS ADVISORY

Things that are typically not ‘problems’

Public commitments

Legislative requirements

Old assets

Not enough funding

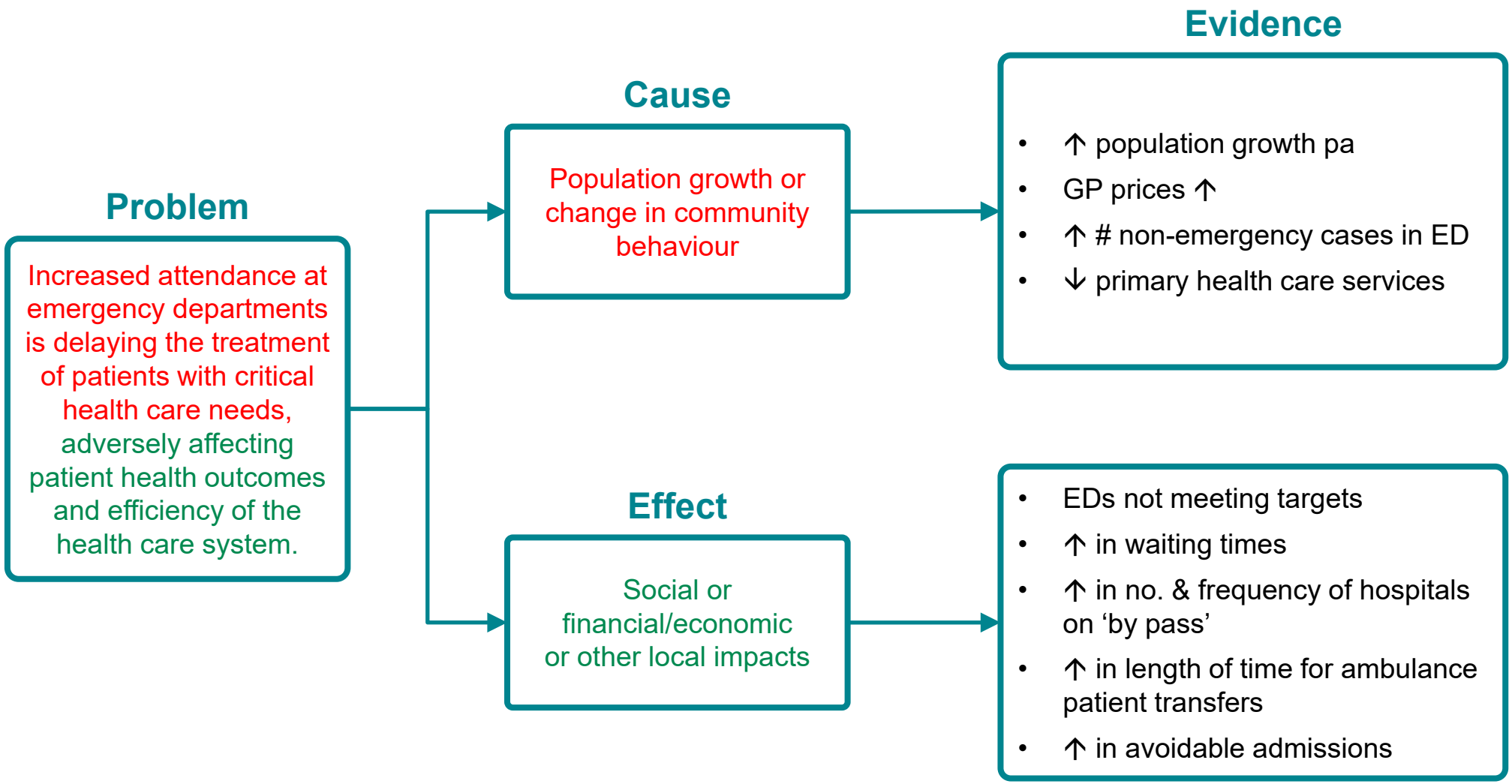
Understanding the problem

Questions to consider include:

- What is broken or not working?
- What adverse outcomes evidence needs addressing?
- What will happen if we ‘do nothing’?
- Why do we need to respond now?
- What is the driver or cause?
- What evidence demonstrates the relationship between the cause and the effect?

IDEAS ADVISORY

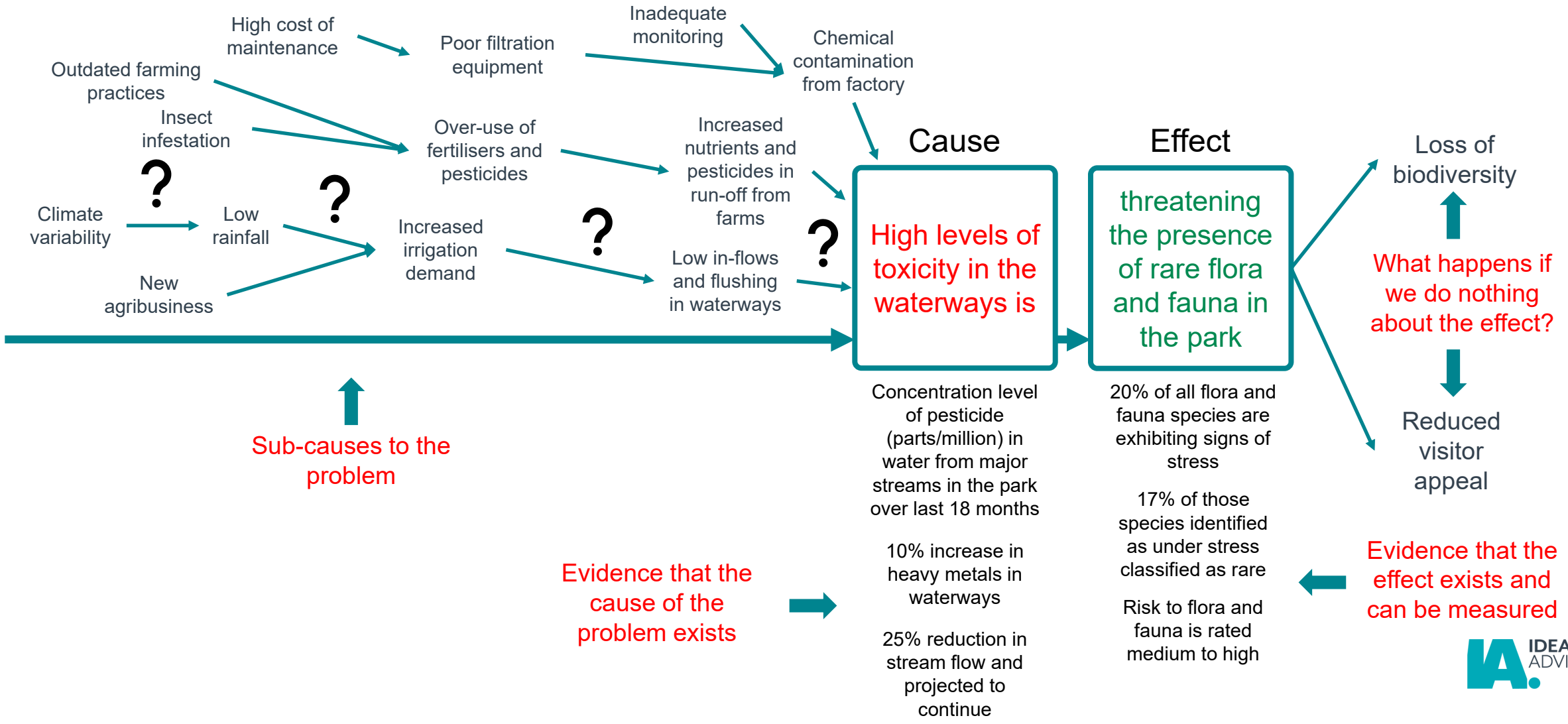
Example of a problem linking to evidence



IDEAS ADVISORY

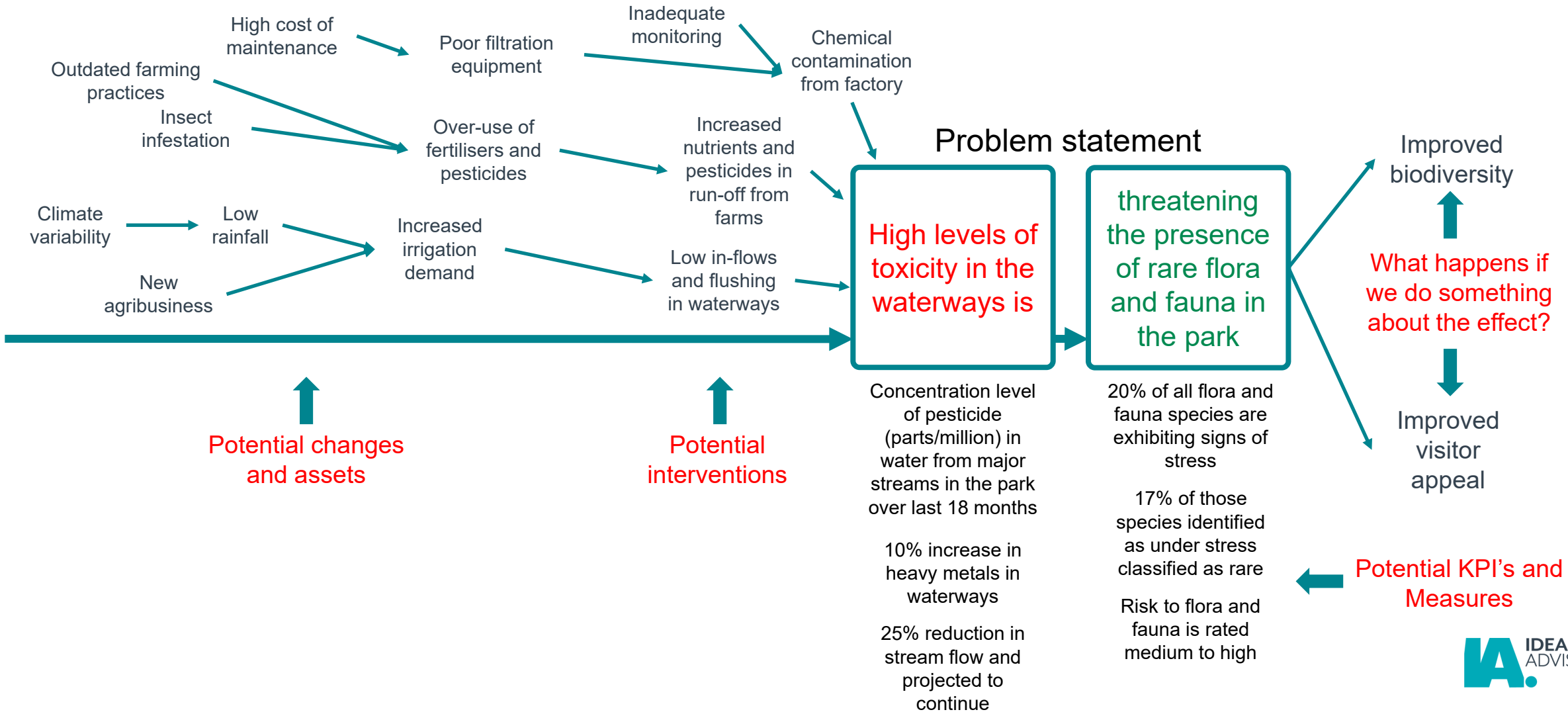
Problem trajectory

High levels of toxicity in the waterways is threatening rare flora and fauna in the park



The problem trajectory builds the investment story

High levels of toxicity in the waterways is threatening rare flora and fauna in the park



Timing

There must be a sense of urgency:

- Why do we need to fund this in this budget year?
- Why wasn't it urgent last year?
- If it was, what was the impact of the delay – what fell over?
- Who would benefit or suffer, and when?
- Why not defer it?

IDEAS ADVISORY

Consideration of the broader context

Consider:

- Do similar problems, needs or opportunities exist elsewhere?
- Can you link your proposal to any of these needs or opportunities?
- How have other jurisdictions (not just in Australia) dealt with the same problem?
- Demonstrate that you have looked beyond your boundary

IDEAS ADVISORY

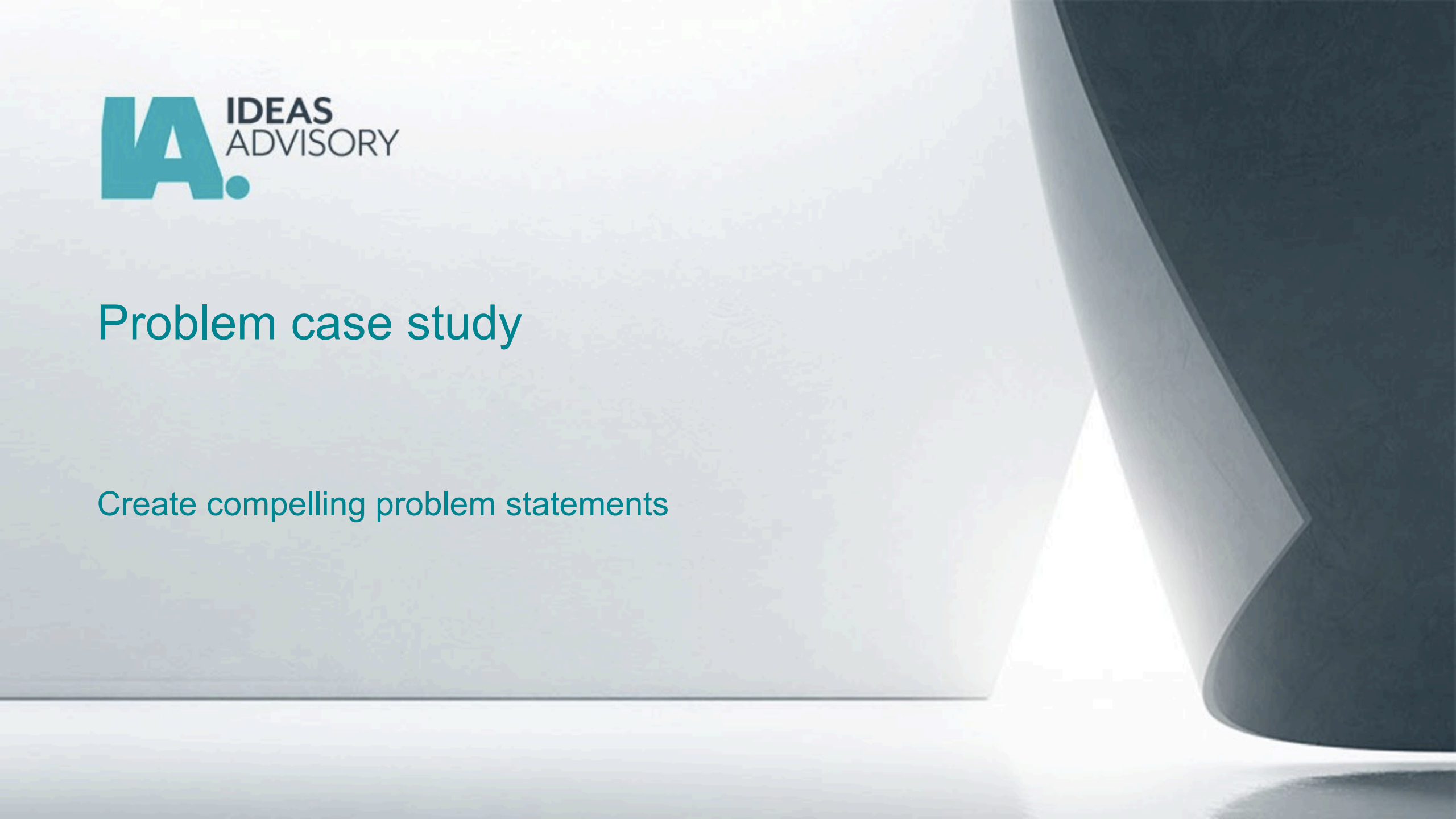
Uncertainty within the problem

IDEAS ADVISORY

IDEAS ADVISORY

Problem case study

Create compelling problem statements



Generic to compelling algorithm

Cause

(Issue being experienced (explicitly stated) + context of the service environment that is actually affected)

Effect

(the consequence of the failure + what/where/who is being Impacted)

IDEAS ADVISORY

Create compelling problem statements

Theme	Generic
Education problem	Old systems & processes are inflexible making them unresponsive to students' needs
Transport problem	Poor information and varying road design, combined with traffic growth is creating unsafe driving conditions
Energy problem	Lack of an integrated and consistent approach to government assistance makes it difficult for businesses to access appropriate advice and services
Tourism problem	Tourism operators are unable to use internet enabled technology to process customer transactions, leading to a reduction in sales
Environmental services problem	Current equipment used to monitor roads and walking tracks is unable to utilise modern technology, increasing risk to public safety
Water problem	Out-dated sewerage network operating at capacity diminishes the ability to receive and purify water

IDEAS ADVISORY

Education problem

Generic

Old systems & processes are inflexible making them unresponsive to students' needs

Compelling

Out-dated and inflexible delivery of distance education has resulted in increasing student dissatisfaction and a reduction in enrolments

Transport problem

Generic

Poor information and varying road design, combined with traffic growth is creating unsafe driving conditions

Compelling

Variable road conditions, combined with growth in trucks and passenger vehicles using east-west freight route is leading to increases in serious crashes and injury

Energy problem

Generic

Lack of an integrated and consistent approach to government assistance makes it difficult for businesses to access appropriate advice and services

Compelling

Inconsistent and fragmented ways to access government energy assistance is seeing fewer businesses reducing energy costs and moving to renewable energy

IDEAS ADVISORY

Tourism problem

Generic

Tourism operators are unable to use internet enabled technology to process customer transactions, leading to a reduction in sales

Compelling

Tourist operators' use of outdated and inefficient customer transactions services is compromising visitors' purchasing experience and reducing sales volumes

Environmental services problem

Generic

Current equipment used to monitor roads and walking tracks is unable to utilise modern technology, increasing risk to public safety

Compelling

Limited ability to adequately monitor roads and walking tracks for hazards is slowing response and increasing risk of serious injury for tourists and bush walkers

Water problem

Generic

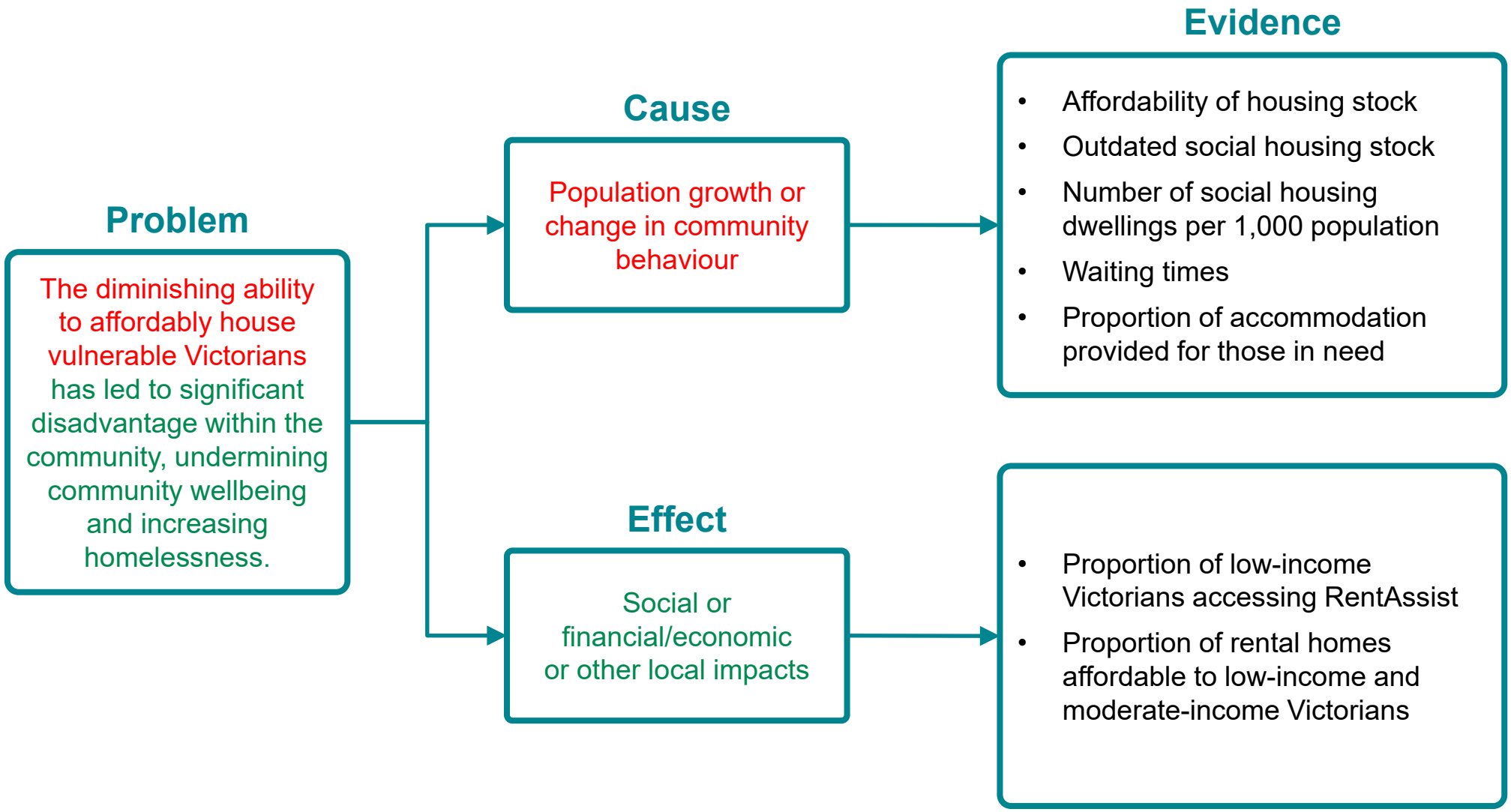
Out-dated sewerage network operating at capacity diminishes the ability to receive and purify water

Compelling

Diminishing ability to receive and purify water in the sewerage network has led to toxic waste being released into Melbourne's waterways

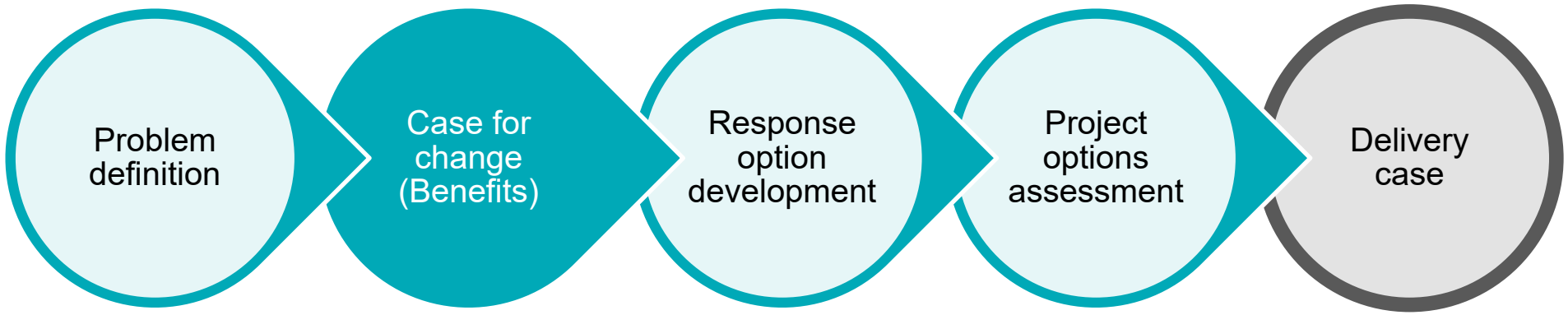
IDEAS ADVISORY

Example of a problem linking to evidence - Housing



IDEAS ADVISORY

5 key elements of the business case



Components of the business case – Case for change

- Benefits to be delivered
- Importance of benefits to Government
- Constraints, risks and dependencies
- Summary
- Method and criteria

IDEAS ADVISORY

Investment Decision-Maker's Checklist – 16 Question Tool

Problem	Benefits	Response	Solution
1. Is it clear what the problem is that needs to be addressed - both the cause and effect?	**5.** Have the benefits that will result from fixing the problem been adequately defined?	**9.** Has a reasonable spread of interventions been identified and packaged into sensible response options?	**13.** Consistent with the preferred response option, has a reasonable spread of project options been analysed?
2. Is there sufficient evidence to confirm both the cause and effect of the problem?	**6.** Are the benefits of high-value to the government?	**10.** Is there evidence to demonstrate that the response options are feasible and can respond to future uncertainty?	**14.** Is the recommended solution the best value for money action, and have opportunities for building flexibility to deal with uncertainty been considered?
3. Does the problem need to be addressed now and by this government?	**7.** Are the KPIs SMART and will they provide strong evidence that the benefits have been delivered?	**11.** Were the options evaluated fairly to reflect their ability to respond to the problem, deliver the benefits?	**15.** Is the solution specified clearly and fully and have opportunities for adding value been identified and costed? (all business changes and assets)
4. Does the defined problem capture its full extent/scope including sources of future uncertainty?	**8.** Have the sources of uncertainty and key dependencies critical to benefit delivery been considered?	**12.** Is the preferred response option the most effective way to address the problem and deliver the benefits?	**16.** Can the solution really be delivered (cost, risk, timeframes etc)?

Benefits framework

Enterprise

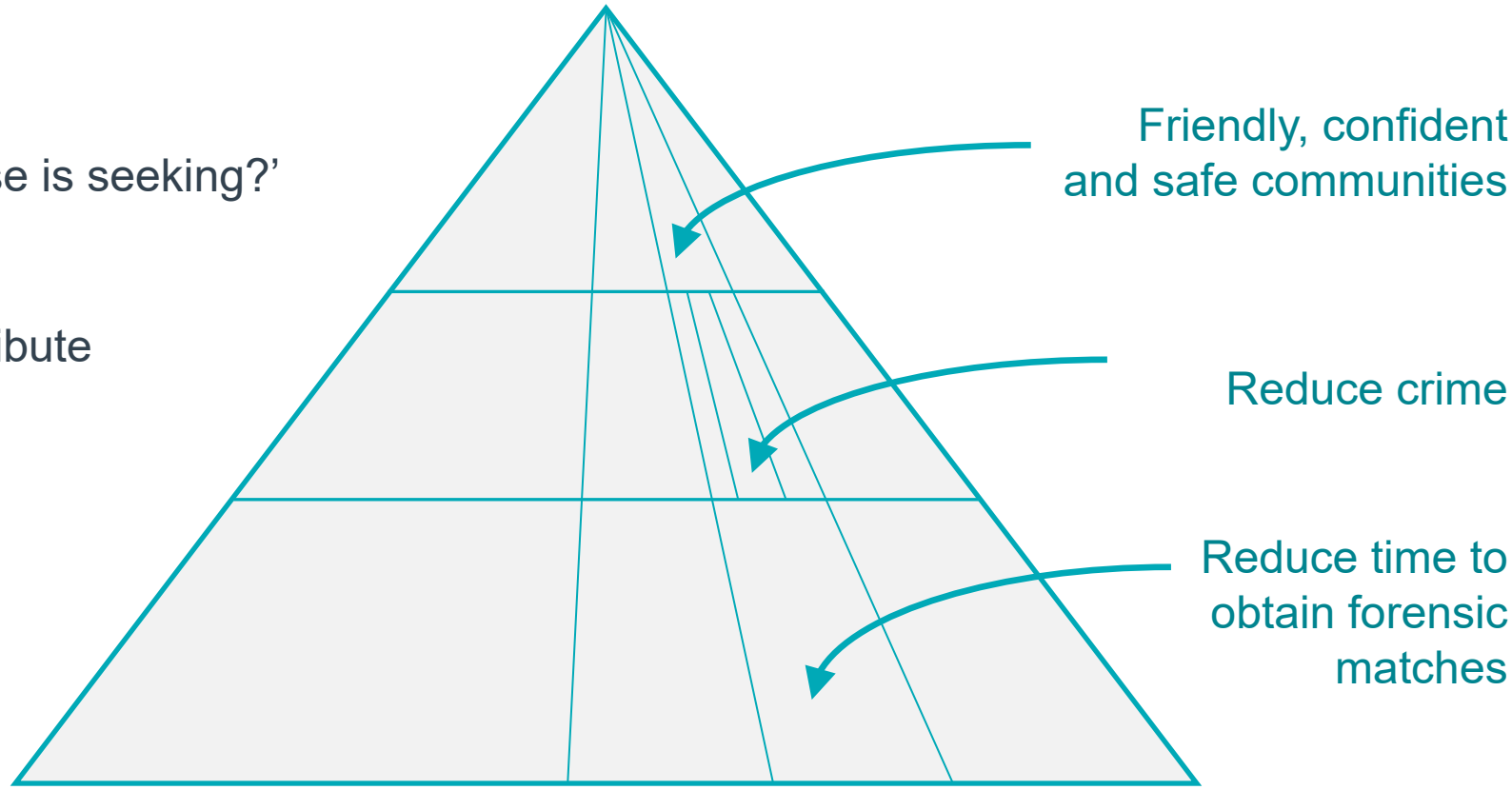
‘What outcomes is the enterprise is seeking?’

Organisation

‘How will the organisation contribute to the enterprise outcomes?’
(BENEFITS)

Investment

‘How will this investment help the organisation meet it’s objectives?’
(KPI)



IDEAS ADVISORY

Understanding benefits

What benefits will be derived from ‘investing in’ or ‘solving’ the identified problem?

Investment benefits – Conceptual	**Project benefits/objectives** – Specific
Benefit received from solving the problem	Specific forecast benefits from implementing a particular project option or the proposed solution
Set at a strategic level, high level, conceptual, outcome focused	Set at project level, measurable, may be outcome or output focused
Same for all project options	Will differ for each project option

IDEAS ADVISORY

Identifying benefits

Investment benefits should be high level and strategic

Questions to consider:

- What outcomes will be achieved from solving the problem?
- What value will be delivered by addressing the problem?
- How will we know whether value has been delivered?
- Who will receive what benefits? – *Community, government, organisation?*
- What KPIs will demonstrate value?
- How can we track KPIs and benefits over time?

IDEAS ADVISORY

Outcome vs output benefits

Outcome benefits

What the business wants or needs to achieve.

- Outcomes are more challenging to verify because they can be both qualitative and quantitative.
- Whether outcomes have been achieved often relies on the perception of the people who receive the service.

vs

Output benefits

The actions that contribute to achieving an outcome.

- An output is nearly always quantitative, with data available to show whether these have been delivered.
- Outputs are easy to report on and to validate. There is no grey area.

IDEAS ADVISORY

Specifying investment benefits

Problem

Increased attendance at emergency departments is delaying the treatment of patients with critical health care needs which is adversely **affecting patient health outcomes and the efficiency of the health care system.**

Investment benefit

Benefits from addressing the problem should align with Government and/or organisational objectives:

- ✓ **Improved performance of health care services**
- ✓ **Improved community health outcomes**
- ✓ **Improved patient satisfaction**

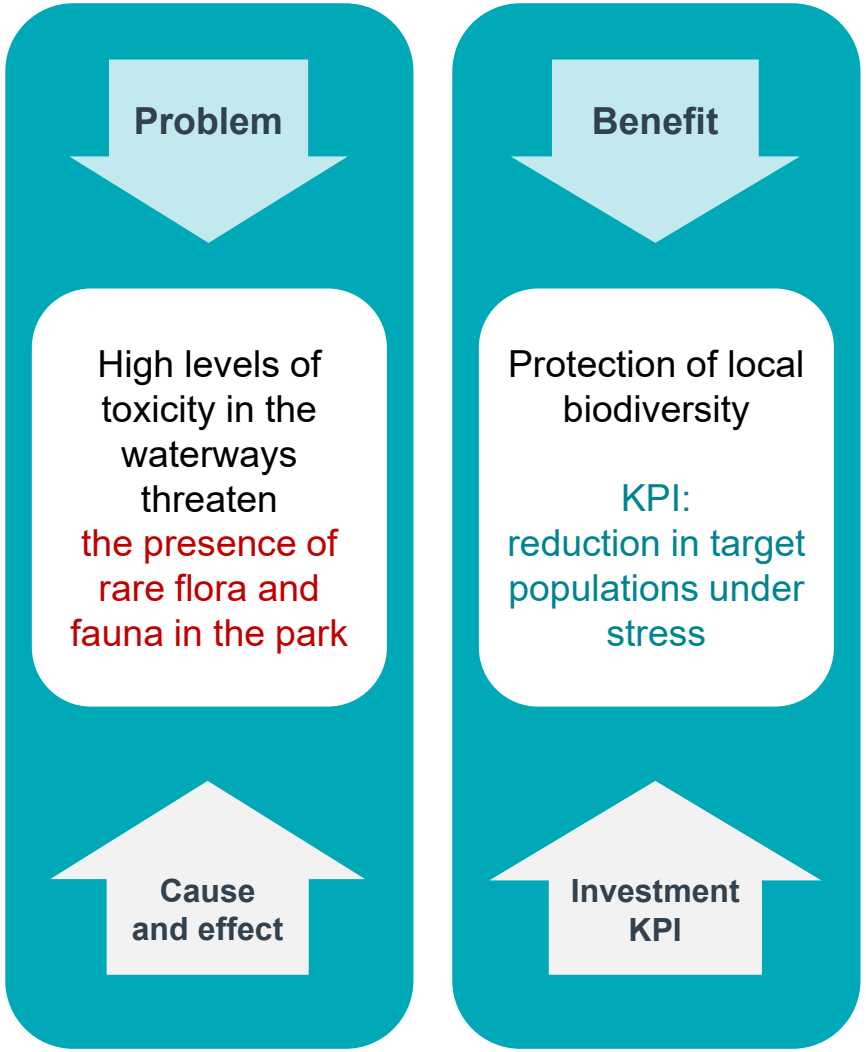
Evidence

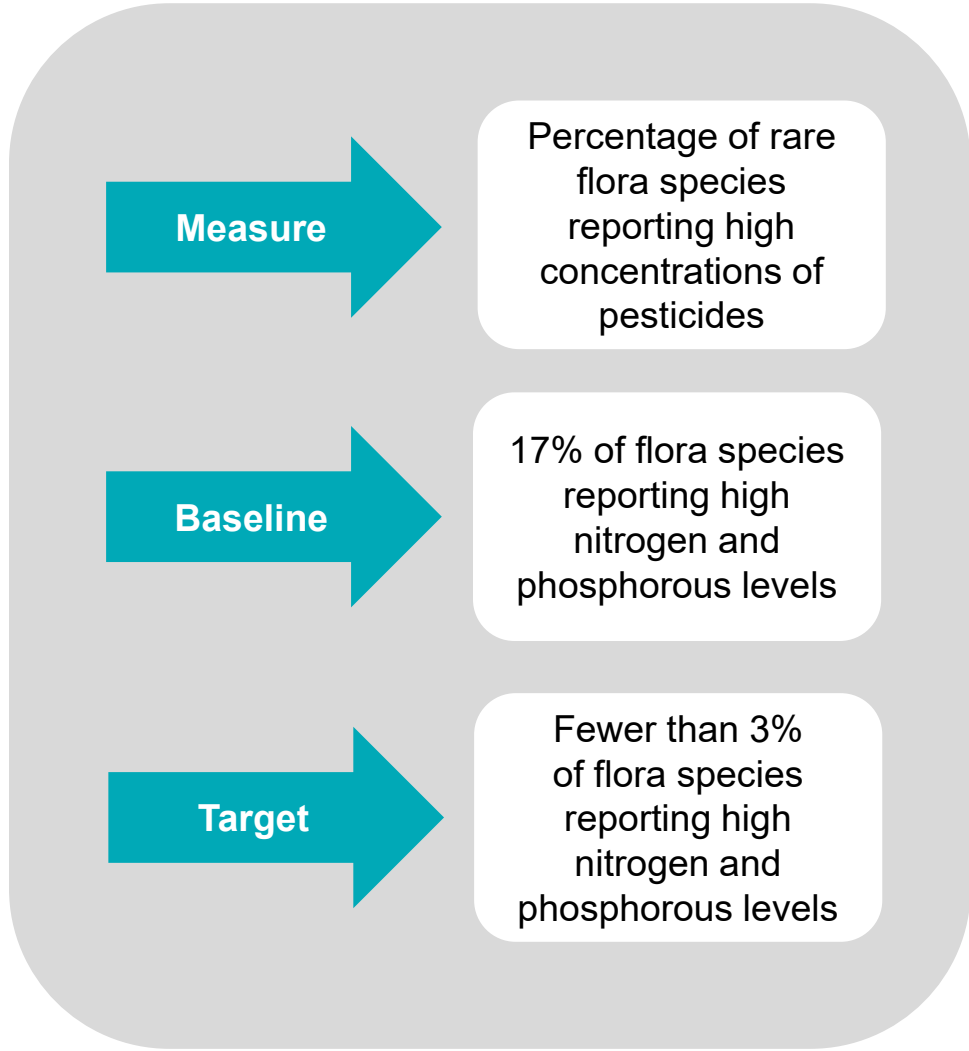
Over a specified period:

- ✓ **↑ ED performance against targets**
- ✓ **↓ length of time for ambulance patient transfers**
- ✓ **% ↓ avoidable admissions**
- ✓ **% ↓ length of hospital stays**
- ✓ **↑ patient satisfaction**

IDEAS ADVISORY

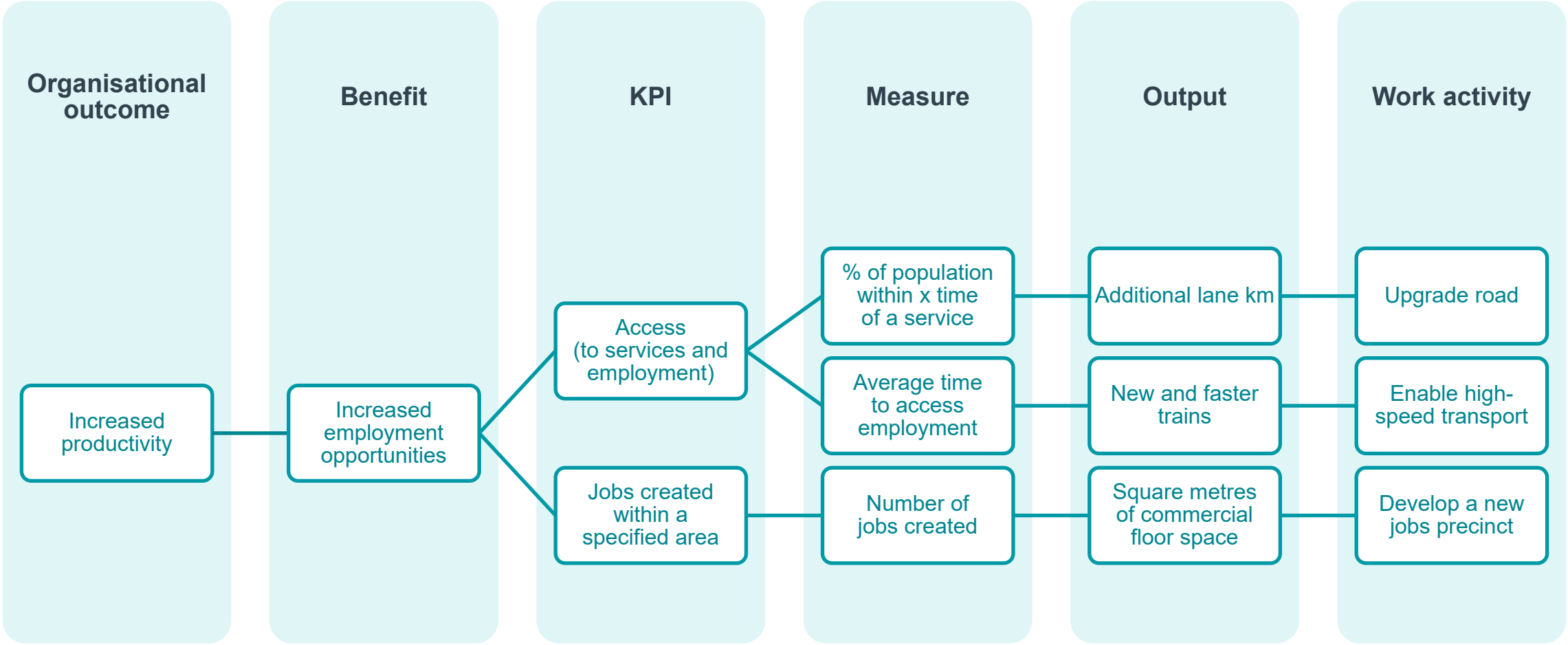
Aligning the problem, benefit, KPI and measure





IDEAS ADVISORY

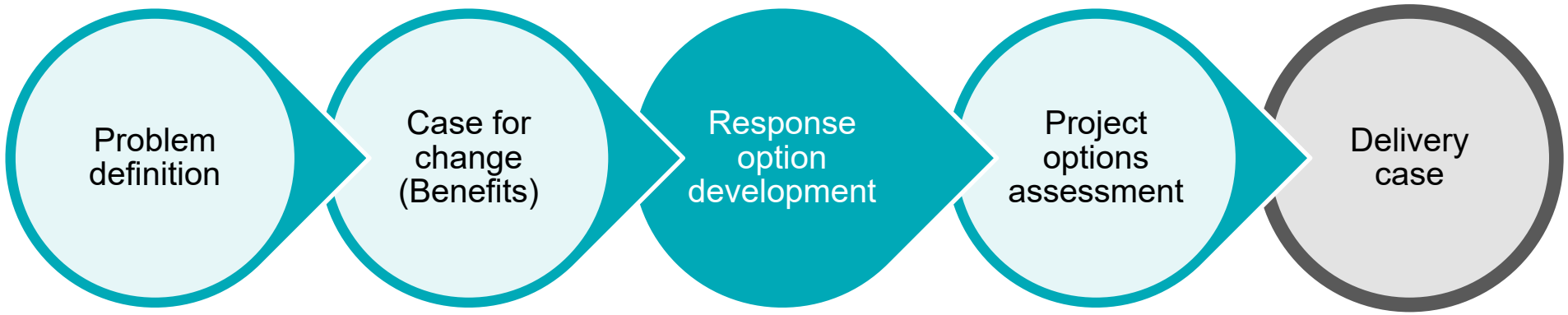
Benefits trajectory



* Adapted from the Whole of Transport Benefit Management Framework (Stage 1)

IDEAS ADVISORY

5 key elements of the business case



Components of the business case – Response option development

- Method and criteria
- - Relevant infrastructure frameworks
- The base case
- Strategic interventions
- - Strategic interventions and response options
- Ranking of response options
- Recommended response option
- Summary

IMS version:

- Strategic options
- Response options and strategic interventions
- Ranking of response options
- Recommended response option

IDEAS ADVISORY

Investment Decision-Maker's Checklist – 16 Question Tool

Problem	Benefits	Response	Solution
1. Is it clear what the problem is that needs to be addressed - both the cause and effect?	**5.** Have the benefits that will result from fixing the problem been adequately defined?	**9.** Has a reasonable spread of interventions been identified and packaged into sensible response options?	**13.** Consistent with the preferred response option, has a reasonable spread of project options been analysed?
2. Is there sufficient evidence to confirm both the cause and effect of the problem?	**6.** Are the benefits of high-value to the government?	**10.** Is there evidence to demonstrate that the response options are feasible and can respond to future uncertainty?	**14.** Is the recommended solution the best value for money action, and have opportunities for building flexibility to deal with uncertainty been considered?
3. Does the problem need to be addressed now and by this government?	**7.** Are the KPIs SMART and will they provide strong evidence that the benefits have been delivered?	**11.** Were the options evaluated fairly to reflect their ability to respond to the problem, deliver the benefits?	**15.** Is the solution specified clearly and fully and have opportunities for adding value been identified and costed? (all business changes and assets)
4. Does the defined problem capture its full extent/scope including sources of future uncertainty?	**8.** Have the sources of uncertainty and key dependencies critical to benefit delivery been considered?	**12.** Is the preferred response option the most effective way to address the problem and deliver the benefits?	**16.** Can the solution really be delivered (cost, risk, timeframes etc)?

Identify potential options and interventions

Response options:

- A strategic approach to resolving the problem and delivering the benefits
- Made up of between 1– 4 key interventions
- Option 1 is always a Business as usual / Do nothing / Stop investing option
- The response title will often reflect the intent of the highest weighted intervention.

Interventions:

- Specific actions that respond to one or more problems and deliver one or more KPIs.
- Interventions should be conceptually at a suitably high level, so there could be multiple ways to implement them.
- The response title will often reflect the intent of the highest weighted intervention.

IDEAS ADVISORY

Defining options and interventions

Good response options:

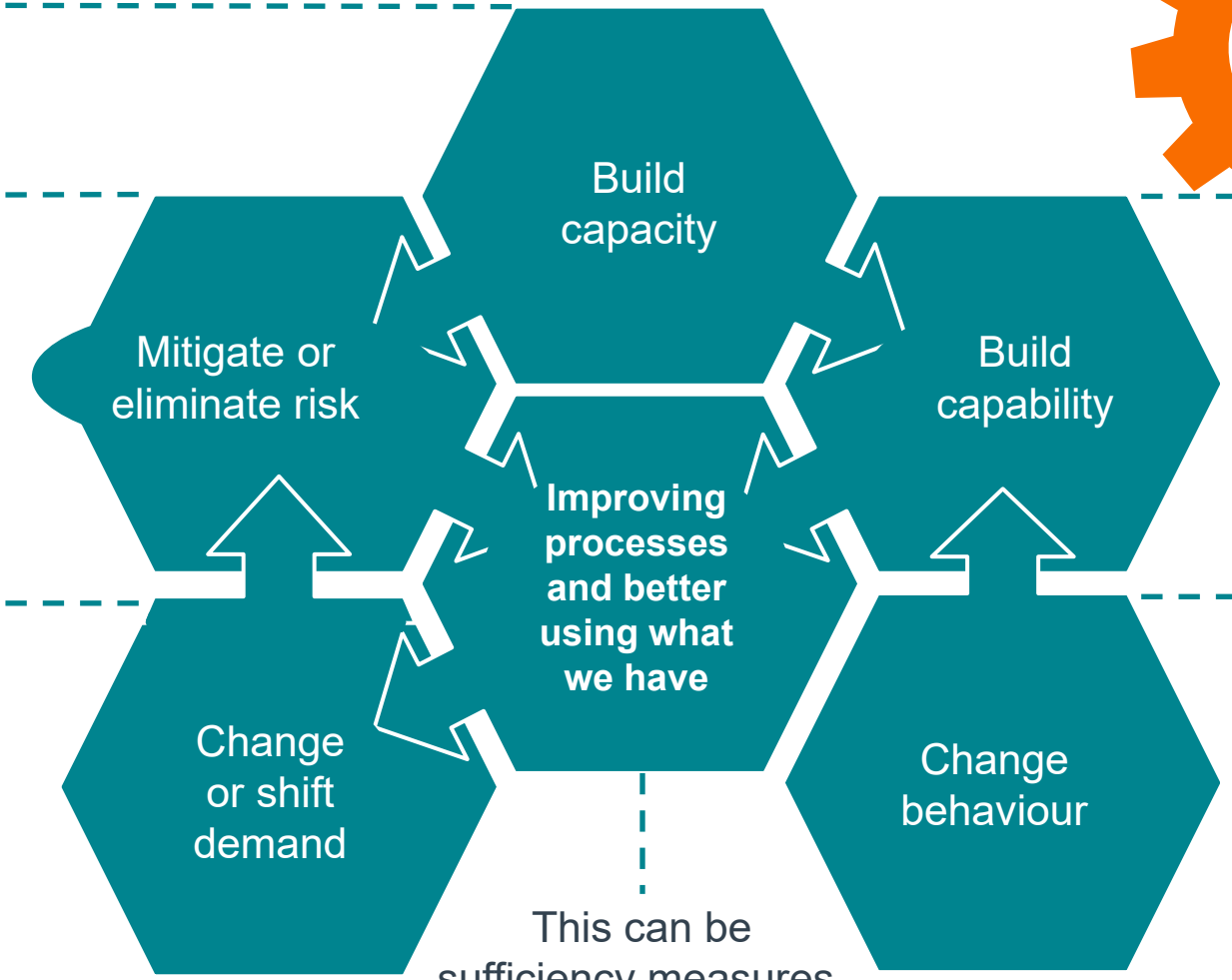
- Should be a valid response to the problem/s
- Deliver some of the identified benefits, KPI's, and their measures and targets
- Allow more than one possible solution.

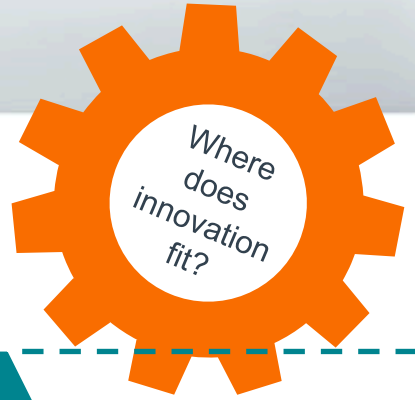
Intervention:

- An action that can be implemented in more than one way
- Typically starts with a verb/action:
  - Create
  - Enhance
  - Rationalise
  - Reconfigure
  - Streamline.

IDEAS ADVISORY

Common types of interventions





This can be physical, technical, staff and community capacity

This can involve changes to regulation, monitoring, people, process, technology, assets

This can include skills, training and competence at individual, technical, organisational and community level

This can involve reprioritisation, prevention, slowing, stopping demand for services or demand on services

This can include process, relationships, engagement as well as cultural change

This can be sufficiency measures, process change, technical improvements

IDEAS ADVISORY

What is a strategic intervention?

Strategic interventions are the levers or **specific actions** used to **respond to the problem;** they define the nature of the approach to the problem.

Problem	Managing demand	Improving productivity	Changing supply
• Congestion on trains	• Introduce off-peak concession • Influence greater working from home • Stagger start times for different types of commuters • Discourage use of particular transport modes	• Reconfigure seats to allow more standing room • Separate transport modes	• Increase number of trains • Increase number of carriages • Create more viable modes commuter transport

IDEAS ADVISORY

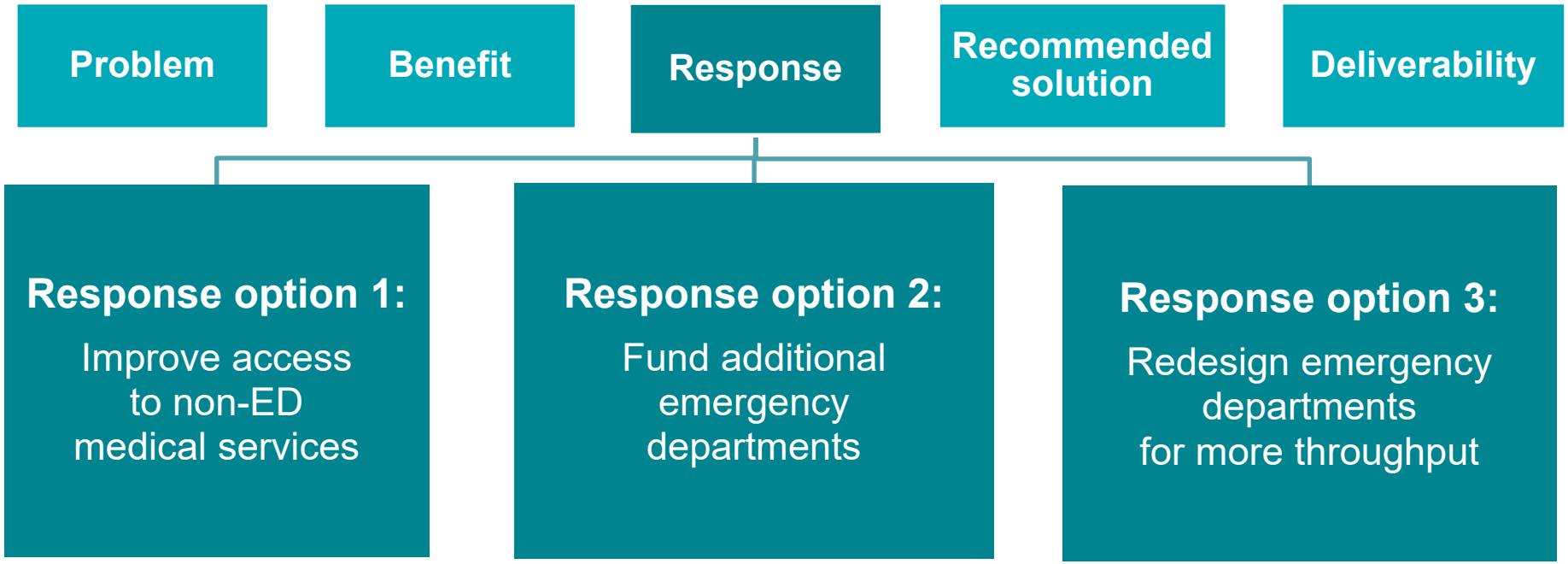
Identify strategic interventions

Increased attendance at emergency departments delaying treatment

Lever	Example
Reduce demand	Divert people from emergency department • Improve access to GP services including after hours • Promote uptake of other health services (e.g. Nurse-On-Call or locums) • Introduce online/phone support to people
Increase/ change supply	Increase capacity in emergency departments • Expand emergency departments (staff and facilities) • Engage more medical students in emergency departments • Create new spaces to monitor people outside of the emergency department – without hospital admission
Increase productivity	Better utilise existing resources • Use nurse practitioners to manage more straightforward cases • Use information technologies to support patient access to other health services.

IDEAS ADVISORY

Identify the preferred response



IDEAS ADVISORY

Identifying the preferred response

Problem | Benefit | **Response** | Recommended solution | Deliverability

Benefit / KPI	RO1: improve access to non-ED medical services	RO2: fund additional EDs	RO3: redesign EDs for more throughput
↑ **performance of health care services:** • Emergency Department meets targets • Less ambulances on bypass	High	High	High
↑ **community health outcomes:** • Reduced unnecessary admissions • Reduced length of hospital stays	High	Low	Medium
↑ **patient satisfaction:** • Reduced waiting times	High	High	Medium

IDEAS ADVISORY

Formula for defining interventions

(Verb) + *(potentially specific key stakeholders with whom to collaborate)* + *(strategic gap needing resolution (may originate from symptoms))* + *(specific fictional improvement sought)* = Intervention

Note:

- each intervention must resolve, to a reasonable degree, the underlying symptoms of the problem.
- It should be evident how the interventions link to and drives the realisation of benefits
- Interventions cannot reference or define a solution (project option)

Examples

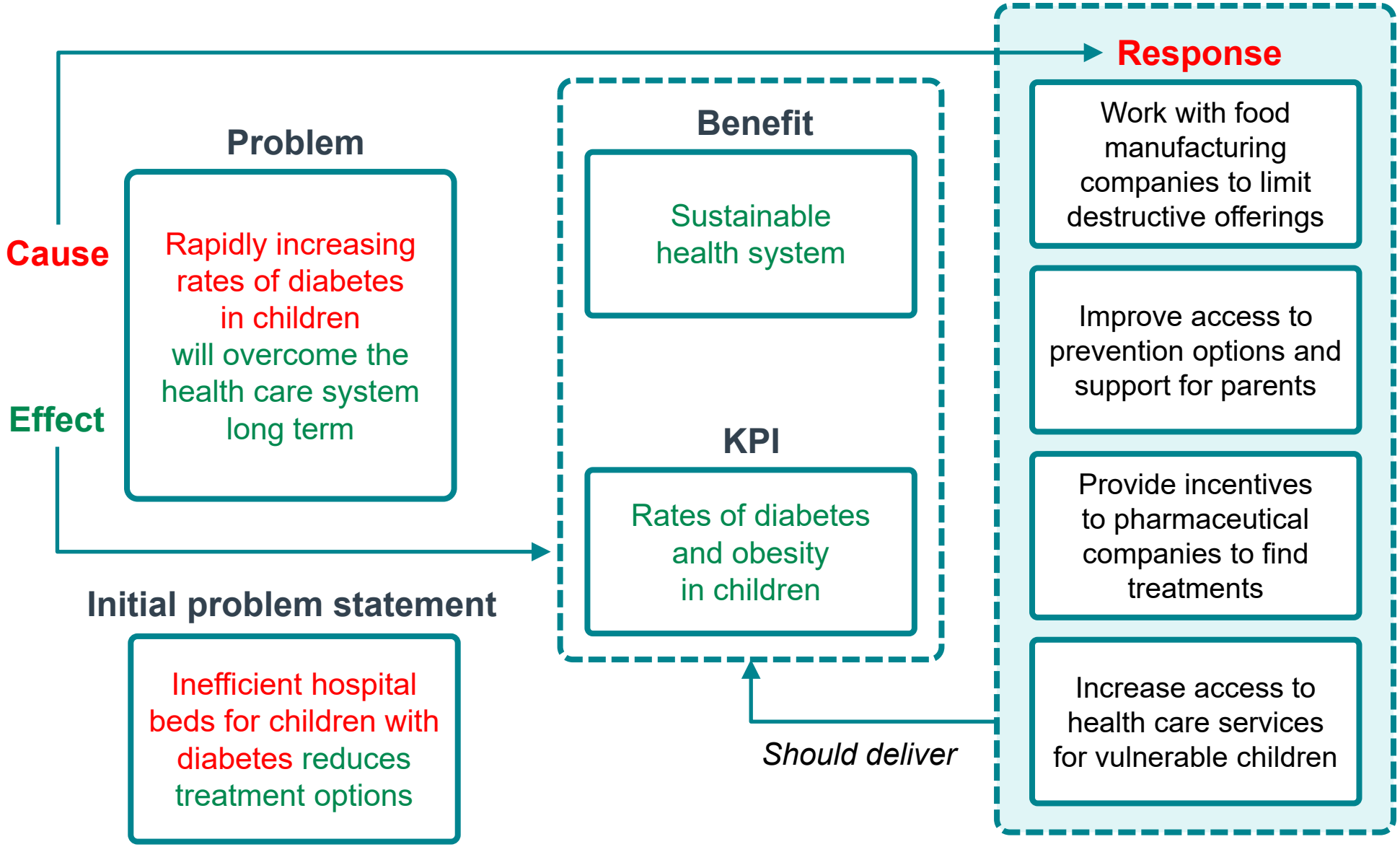
Engage with the community, industry and road users to understand the services they require to ensure optimal use of the network

or

Provide services that optimise the safe, efficient and sustainable use of the network as part of an integrated land transport system

IDEAS ADVISORY

Information flow – problems to benefits and strategic İnterventions



Common challenges we see

IDEAS ADVISORY

Difference between risk and uncertainty – Definition 1

Risk

is a variance (either positive or negative) from an expected outcome.

- Risks usually apply to the delivery of a project.
- They are inside the project team's control to minimise and mitigate to achieve the defined scope and expected benefits.

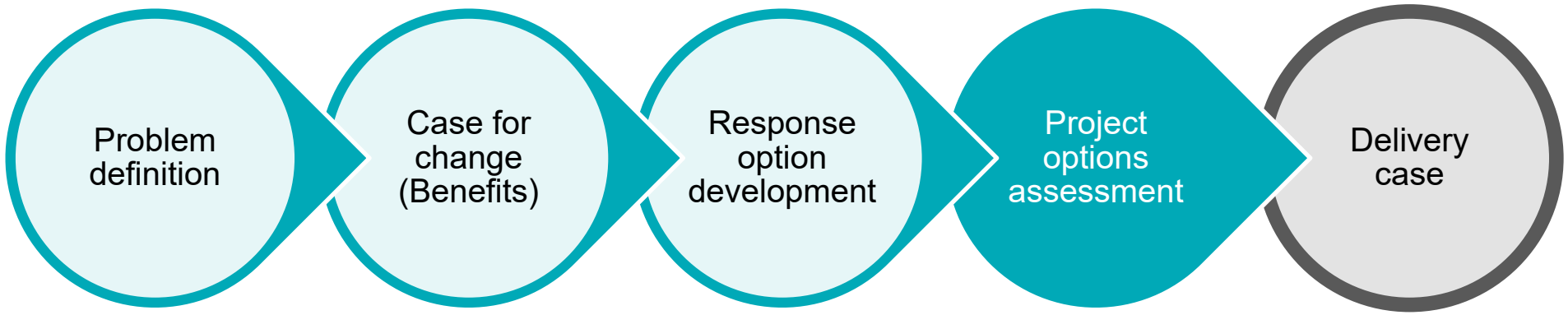
Uncertainty

is an event or change in conditions.

- Uncertainties usually relate to the investment need or problem.
- They are usually external factors outside the project team's control.
- They can result in a different future state to that anticipated or assumed in the business case, and can impact the need for an investment and can require a change in response.

IDEAS ADVISORY

5 key elements of the business case



Components of the business case – Project options assessment

- Project options considered
- Alignment with infrastructure frameworks
- Stakeholder identification and consultation
- Social impacts
  - Gender impacts
- Environmental impacts
- Financial analysis
- Economic impacts > Cost benefit analysis
- Risk comparison
- Uncertainties
- Integrated analysis and options ranking
- Summary
- Method and criteria

IDEAS ADVISORY

Investment Decision-Maker's Checklist – 16 Question Tool

Problem	Benefits	Response	Solution
1. Is it clear what the problem is that needs to be addressed - both the cause and effect?	**5.** Have the benefits that will result from fixing the problem been adequately defined?	**9.** Has a reasonable spread of interventions been identified and packaged into sensible response options?	**13.** Consistent with the preferred response option, has a reasonable spread of project options been analysed?
2. Is there sufficient evidence to confirm both the cause and effect of the problem?	**6.** Are the benefits of high-value to the government?	**10.** Is there evidence to demonstrate that the response options are feasible and can respond to future uncertainty?	**14.** Is the recommended solution the best value for money action, and have opportunities for building flexibility to deal with uncertainty been considered?
3. Does the problem need to be addressed now and by this government?	**7.** Are the KPIs SMART and will they provide strong evidence that the benefits have been delivered?	**11.** Were the options evaluated fairly to reflect their ability to respond to the problem, deliver the benefits?	**15.** Is the solution specified clearly and fully and have opportunities for adding value been identified and costed? (all business changes and assets)
4. Does the defined problem capture its full extent/scope including sources of future uncertainty?	**8.** Have the sources of uncertainty and key dependencies critical to benefit delivery been considered?	**12.** Is the preferred response option the most effective way to address the problem and deliver the benefits?	**16.** Can the solution really be delivered (cost, risk, timeframes etc)?

Project options for the preferred response

Improve access to non-ED medical services

Improve access to GP services including after hours

- 24 hour GP clinics in accessible centres
- 24 hour GP clinics near ED on hospital sites

Promote the uptake of other health services (eg Nurse-On-Call)

- Increase number of Doctors on call
- Increase opening hours in existing GP clinics

Introduce online/phone support to people

- Doctor online
- Nurse on phone

Use technology to support patient access to other health services

- Tele-med interfaces for GPs

IDEAS ADVISORY

Moving from response to project solution

Questions to consider include:

- To what extent solutions deliver investment benefits and KPIs?
- Which solution offers the best value for money?
- What costs, risks, timeframes and disbenefits are associated with the defined solution?
- Is the preferred project solution deliverable?

IDEAS ADVISORY

Using benefits to evaluate project solutions

When assessing the benefits of individual solutions there are different approaches that can be taken including:

- A numerical calculation of benefits, a cost benefit analysis
- A financial calculation of benefits

Quantitative approaches

- Social impacts
- Environmental impacts
- Economic impacts

Quant & Qual approaches

IDEAS ADVISORY

Stakeholder identification and consultation

A stakeholder group is not a customer group – stakeholders have a stake in selecting the solution

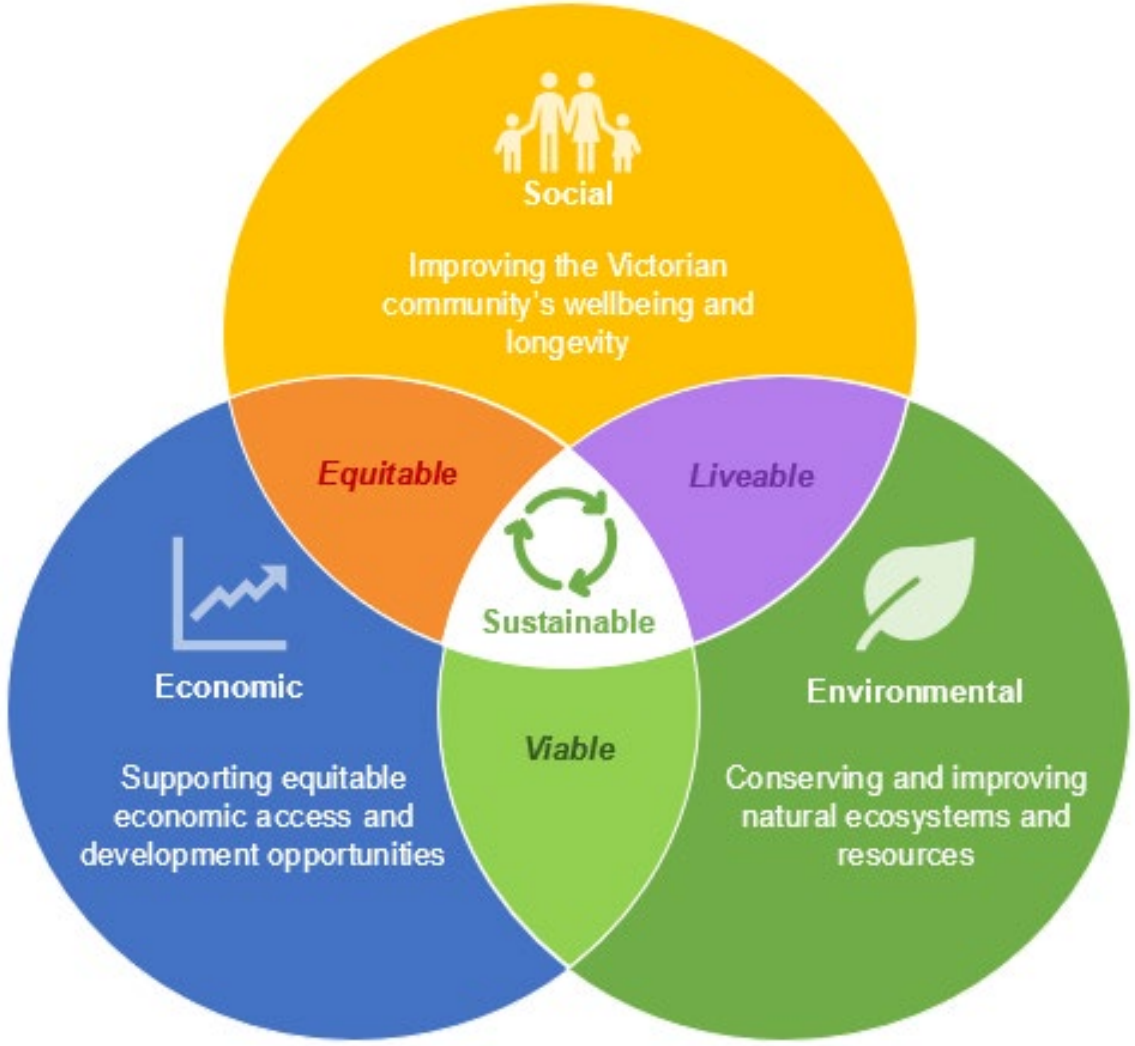
**Generally input is from only 2–5 key individuals and/or a few user groups*

Let DTF know:

- **who else agrees** with the preferred solution
- **if there is any contention** regarding the solution options
  – address them and don't be scared to submit opposing views
- **the diversity of opinions** on the proposed solution options

IDEAS ADVISORY

Social, environmental and economic impacts



Source:
Figure 1: Sustainable investment outcomes, Sustainable investment guidelines, OPV

Financial analysis

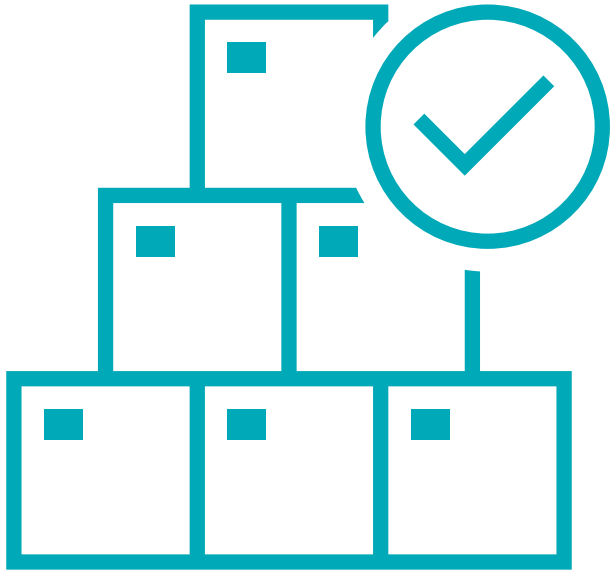
	Project option 1: Business as usual/do nothing	Project option 2	Project option 3	Project option 4	Project option 5
Analysis period (years)					
Capital costs ($m)	0.000	0.000	0.000	0.000	0.000
Output costs ($m)	0.000	0.000	0.000	0.000	0.000
Risk and contingency allocation ($m)[(a)]	0.000	0.000	0.000	0.000	0.000
Cost-Benefit Analysis (of monetary costs and benefits discounted at the appropriate discount rate)					
Present value of benefits ($m)	0.000	0.000	0.000	0.000	0.000
Present value of costs ($m)	0.000	0.000	0.000	0.000	0.000
Benefit cost ratio	0.000	0.000	0.000	0.000	0.000
Net present value ($m)	0.000	0.000	0.000	0.000	0.000
Other important considerations (see the examples provided)					
Social, environmental and economic costs/benefits (e.g. small, medium, large)	0.000	0.000	0.000	0.000	0.000
Distributional impacts (e.g. small, medium, large)	0.000	0.000	0.000	0.000	0.000
Multi-Criteria Analysis (ranking of intangible costs and benefits, if applicable)					
Criteria 1					
Criteria 2					
Criteria 3					
Preferred option					

IDEAS ADVISORY

Economic analysis

Options

1. Cost benefit analysis (CBA) is the preferred methodology
   - Using computable general equilibrium (CGE)
2. Cost-effectiveness and least cost analysis
3. Multi-criteria analysis



Economic Evaluation for Business Cases Technical guidelines

Types and scalability of economic evaluation

- Cost-benefit analysis (preferred approach)
- Cost-effectiveness and least-cost analysis
- Computable general equilibrium
- Multi-criteria analysis

IDEAS ADVISORY

Cost benefit analysis

Characteristics of a good **Cost benefit analysis**

- Benefits are quantified, ideally monetised and decreasing over time
- Lifecycle costs incorporated into the analysis
- Risk considered on a whole-of-life, whole-of-capability basis
- Assumptions clearly documented and cited
- The **net present cost of the investment** and **net present value of the benefits** are clearly articulated.

IDEAS ADVISORY

Cost benefit analysis

Strengths and weaknesses

S: Ability to determine and compare the different investment options

S: Simplifies complex decision-making

S: Allows comparison of multiple investments

W: Not all benefits can be quantified or monetised

W: Causal linkages between investment and benefits often over-estimated

W: Location (metro/regional) can have a significant impact on a CBA

Common cost benefit analysis tools

- Benefits-cost ratio (BCR)
- Price-performance ratio
- Net Rate of Return
- Marginal Cost
- Marginal Benefit

IDEAS ADVISORY

Traditional investment decision-making process limitations

Go or **No-go** decision

This type of decision-making assumes:

- the investment is now or never
- the world is static, and market conditions do not change
- the objective is to deliver the approved scope
- any change of strategy is ‘bad’.

A fixed investment approach – limits government’s ability to adapt

Unproductive pathways can be caused when:

- a proposed solution is no longer preferred/feasible
- when a change in course may impact project parameters
- a new strategy offers greater value/success.

IDEAS ADVISORY

Risk comparison and uncertainties

1 Risk management

Describe risks that differentiate each option and their link to benefit realisation.

2 Interdependencies

Describe any reliance on investments, programs or strategies outside the proposal to realise the benefits specific to each option.

3 Uncertainty

Describe any uncertainties specific to the solution options e.g:

- Climate change
- Quantum technology changes
- Systemic shifts in the economy

Building the business case

Part 2 – Delivery case

Investment Decision-Maker's Checklist – 16 Question Tool

Problem	Benefits	Response	Solution
1. Is it clear what the problem is that needs to be addressed - both the cause and effect?	**5.** Have the benefits that will result from fixing the problem been adequately defined?	**9.** Has a reasonable spread of interventions been identified and packaged into sensible response options?	**13.** Consistent with the preferred response option, has a reasonable spread of project options been analysed?
2. Is there sufficient evidence to confirm both the cause and effect of the problem?	**6.** Are the benefits of high-value to the government?	**10.** Is there evidence to demonstrate that the response options are feasible and can respond to future uncertainty?	**14.** Is the recommended solution the best value for money action, and have opportunities for building flexibility to deal with uncertainty been considered?
3. Does the problem need to be addressed now and by this government?	**7.** Are the KPIs SMART and will they provide strong evidence that the benefits have been delivered?	**11.** Were the options evaluated fairly to reflect their ability to respond to the problem, deliver the benefits?	**15.** Is the solution specified clearly and fully and have opportunities for adding value been identified and costed? (all business changes and assets)
4. Does the defined problem capture its full extent/scope including sources of future uncertainty?	**8.** Have the sources of uncertainty and key dependencies critical to benefit delivery been considered?	**12.** Is the preferred response option the most effective way to address the problem and deliver the benefits?	**16.** Can the solution really be delivered (cost, risk, timeframes etc)?

Investment Decision-Maker's Checklist – 16 Question Tool

Value for money	Commercial & financial	Management	Delivery
17. Have the project options been specified clearly, including key risks, assumptions, constraints and dependencies?	**21.** Is the solution specified clearly and fully (all business changes and assets)?	**25.** Is the governance structure identified and is it appropriate for this investment?	**29.** Has an appropriate change management strategy been provided to support benefit delivery?
18. Consistent with the preferred response option, has a reasonable spread of project options been analysed?	**22.** Have all significant risks been identified along with strategies for their management?	**26.** Is there evidence that the implementing organisation has the capability and capacity to mobilise and deliver this investment?	**30.** Are the proposed timelines and investment milestones reasonable?
19. Is the recommended project solution the best value for money way to respond to the problem and deliver the expected benefits?	**23.** Has the project solution been appropriately costed (including risk adjustment)?	**27.** Have relevant stakeholders been identified along with strategies to manage their engagement?	**31.** Has an appropriate benefits management strategy been outlined?
20. Is the procurement strategy the most appropriate for this investment and attractive to the market?	**24.** Have alternative sources of funding been considered?	**28.** Has a robust project management strategy been outlined?	**32.** Has the transition from construction to operation been adequately considered?

HVHR Project Business Case deliverability assessment

When considering a business cases deliverability DTF will categorise each business case as:

- deliverable
- deliverable subject to further information being provided to meet deliverability requirements
- deliverable subject to further work to address the (insert favourite new policy here)
- under-developed and is not deliverable in its current form

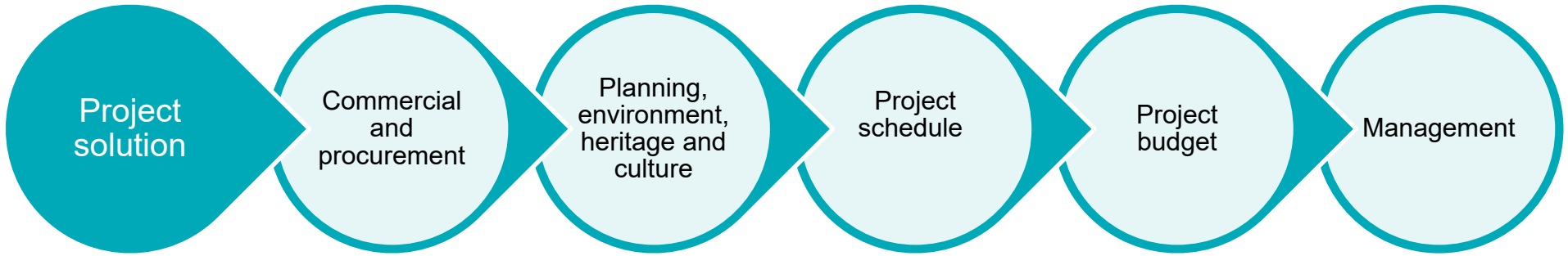
Proving deliverability

Questions to consider

Does your business case enable

- Delivery on budget
- Delivery to timelines
- Delivery of benefits
- Risk management
- Governance
- Procurement
- Project management
- Gateway reviews – if required
- Specific identified government policy - VCC

6 key elements of the delivery case



Components of the business case – Project solution

- Detailed project scope, service specification and outcomes
- Interdependencies and interfaces
- Lessons learnt/project insights
- Scalability of the project solution
- Project development and due diligence (PDDD)
- Value Creation and Capture (VCC) opportunities
- Summary
- Method and criteria

IDEAS ADVISORY

Recommended solution

Progress to date	• Evidenced problem and benefits • Details of the recommended solution and analysis to justify its selection • Commercial and financial details
Still to address	• Governance and stakeholder management • Project management • Implementation – procurement and delivery • Realise outcomes or benefit
Recommended solution	• New standalone 24-hour clinics • Promotion of alternatives (eg Doctor online / Nurse on phone) • Utilise new technologies to reduce demand

IDEAS ADVISORY

Presenting solutions

Solution section of business case

1. Clearly describe:
- the complete investment
- the expected impact

2. Don't forget:
- a complete list of business changes
- any assets needed

Present priorities

Be clear about **which elements** are priorities

Are there **alternatives**:
- some elements can be **scaled**
- Roll-out over a longer **timeframe**,
- **Piloting**

IDEAS ADVISORY

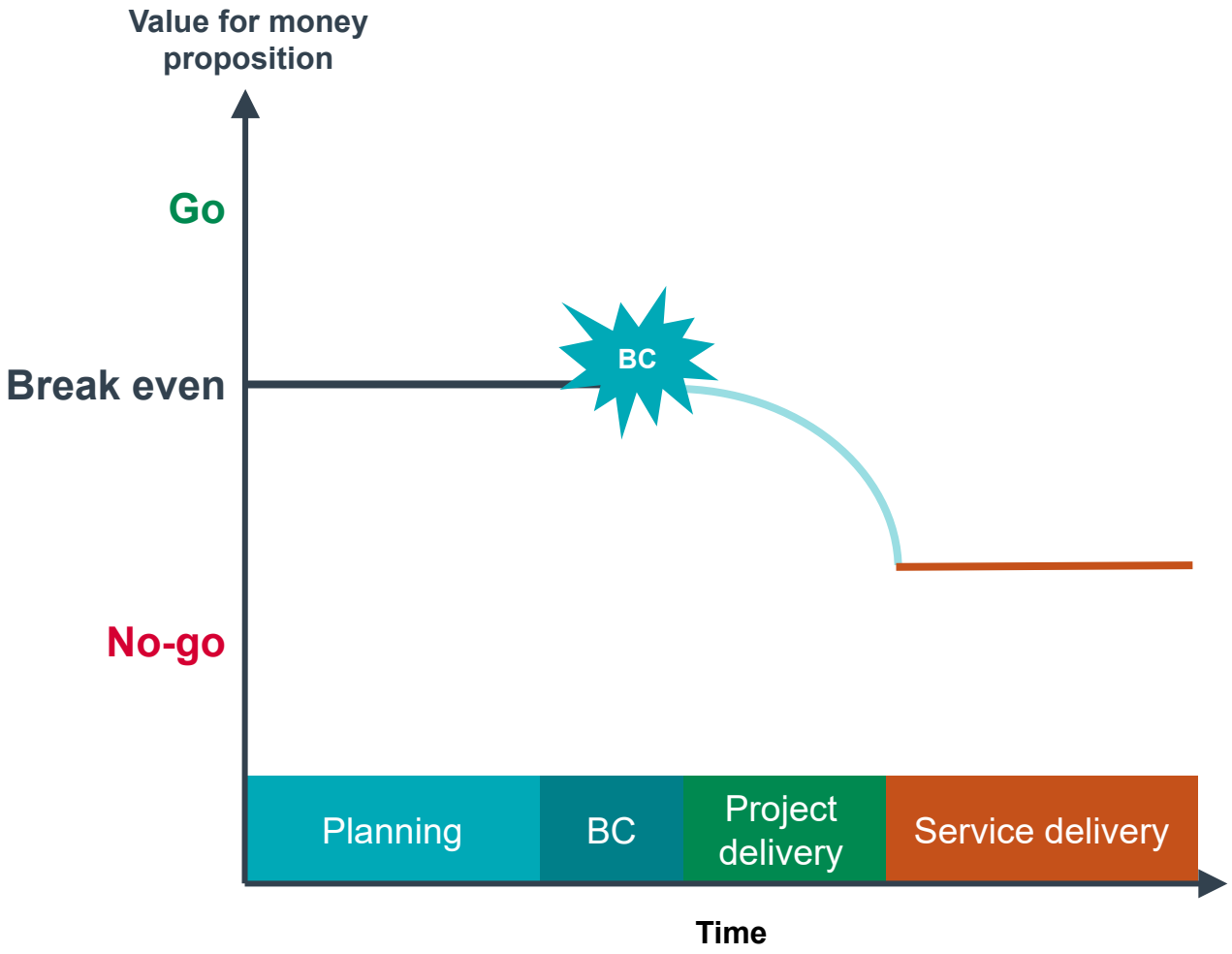
Mitigating against optimism bias

Optimism bias in infrastructure planning can result in:

- costs under-estimation
- demand (benefits) over-estimation
- Over optimistic project delivery

IDEAS ADVISORY

Expected future state



- Demographics
- Economic conditions
- Government policy and legal issues
- Environmental conditions
- Technology
- Sector specific factors

Business cases make a number of assumptions that define an 'expected future state' – but the world does not always turn out as we expect.

IDEAS ADVISORY

Plan for change

Government typically makes **go** / **no go** decisions:

– to achieve a set of desired benefits

– by delivering a defined project scope

– within a pre-determined budget and timeframe

This type of decision-making assumes:

- the world is static, and market conditions do not change
- the objective is to deliver the approved scope (even as the world changes around it)
- any change of strategy is ‘bad’ and is perceived as ‘failure’

IDEAS ADVISORY

IDEAS ADVISORY

Project Development and Due Diligence (PDDD)

PROJECT DEVELOPMENT AND DUE DILIGENCE (PDDD)

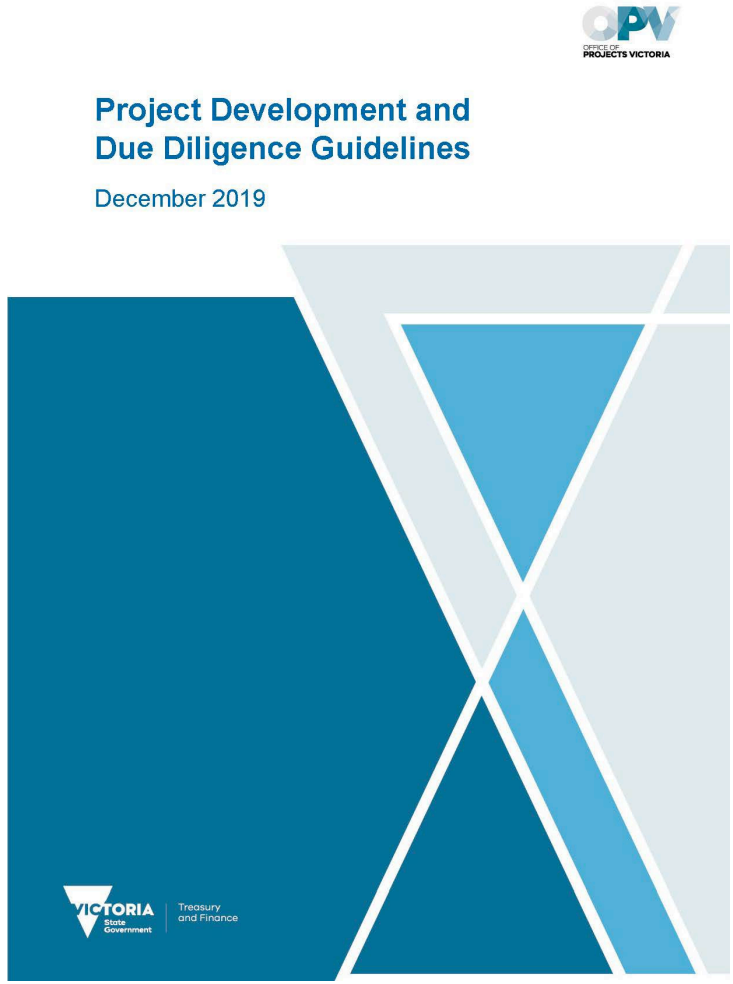
Technical Supplement approved by the Treasurer September 2019

High level guidance for integrating PDDD activities into HVHR framework and Gates 2 to 5 of the Gateway Review Process

Articulates various activities that may be required during the project planning and development stages

The extent of completed and ongoing PDDD activities will need to be articulated by the Project Owner through various documents

These documents will be assessed by independent Gateway review teams to form a view on the effectiveness of the ongoing development and active integration of due diligence activities of the project



IDEAS ADVISORY

PROJECT DEVELOPMENT AND DUE DILIGENCE (PDDD)

PDDD activities are not additional work, they have to be completed at some point in the project

Undertaking them early increases certainty in achieving project outcomes

They may result in recommendations to further minimise risk to the project before going to market

Activities are largely the same regardless of the procurement model chosen




IDEAS ADVISORY

PDDD activities

Have all project options undertaken appropriate due diligence, explored and costed concepts/designs to validate deliverability and Value For Money?

PDD Activity Examples	Check
Client requirements document	Has the client updated the preliminary requirements based on latest information?
Preliminary and final operator requirements	Have the operator's requirements been clearly understood?
Existing asset condition assessments	Have all existing assets being identified and recorded (including in ground utilities)?
Business disruption identification	Has the operator been consulted and potential disruptions identified?
Scope development	Is there an understanding of the scope of the project?
Planning approval strategy	Has a planning officer assessed all planning and other approvals required?
Land use assessment	Has a planning officer undertaken a strategic land use assessment?
Urban design management plan	What requirements exist regarding urban requirements and approvals?
Landscape and visual assessment	Is there a plan to manage landscape and visual assessment?
Contamination and spoil management	Have a Preliminary Risk Screen Assessment and site investigation been completed identify potential contamination? Have requirements of the EPA Act (including General Environmental Duties) been met?
Air and water quality plans	Are environment management air and quality plans available (may include air, water and waste)?
Ecological assessment	Has an ecological assessment been undertaken?
Cultural heritage assessment	Is community engagement and a cultural heritage consultant required?
Noise and vibration	Is there a noise and vibration assessment and management plan?
Detail whole of life cost estimate	Has the whole of life cost estimate been updated? Have P50/P90 cost estimates been developed?
Detail schedule	Has the preliminary program/schedule been updated? Has the critical path been identified?
Project option assessment report	Have all options considered been recorded? Is the recommended single option approved by the relevant steering committee?
Concept design and design reports	Is the scope of work consistent with baseline requirements identified?
Business case	Does the business case demonstrate a compelling argument for the problems identified?

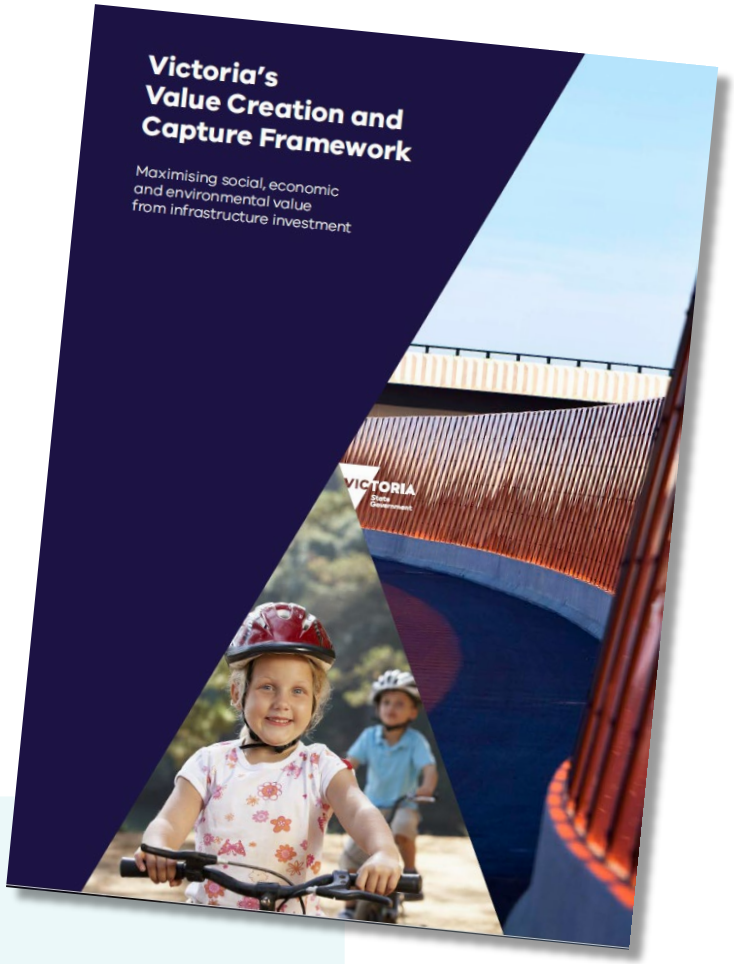
Value creation and capture

Department of Premier and Cabinet 2021

* All graphics in this section sourced from Department of Premier and Cabinet

Value creation and capture (VCC) – a history

- **November 2016:**
  Value Creation and Capture Framework endorsed by the Policy, Strategy and Budget Sub-committee
- **February 2017:**
  Government released public version on DPC website
  - Framework provides:
    - » guidance on value creation and capture tools
    - » a suite of VCC mechanisms that project sponsors should consider for inclusion in projects, as appropriate in the specific context and circumstances.



'Using the VCC Framework, the Victorian Government will maximise the public value created by our infrastructure projects and increase the public return on our investments."

The Hon Daniel Andrews MP, Premier of Victoria

IDEAS ADVISORY

When business cases require a VCC plan

Eligible projects include:

- Precinct projects
- Development of public land
- Capital investments
- Any program of works which collectively meets the above criteria

The Framework requires eligible projects to prepare:

1. VCC Statement of Intent
2. Strategic plan
3. Detailed plan (should be included as part of the business case)

IDEAS ADVISORY

What is value creation?

Value creation:
Delivering enhanced public value, above and beyond what would ordinarily be achieved as a direct consequence of the relevant government investment.

- greening and enhancement
- increased energy
- water efficiency
- building sustainability
- climate change adaptation
- decreased greenhouse gas emissions

- increased growth and job opportunities
- improved workforce participation

- public housing
- improved access
- enhanced public safety
- increased recreational infrastructure (bike paths, parks)
- improved connectivity

IDEAS ADVISORY

What is value capture?

Value capture:
Government capturing a portion of the incremental economic value created by government investments, activities and policies

Beneficiaries

System users (eg PT users, road users)

Property owners

Property occupiers

Developers

Private infrastructure and service operators

Employees

Employers

Governments

Wider community

Mechanisms

Levies, rates and taxes

Commercial opportunities

Fees and charges

Negotiated beneficiary payments and in-kind contributions

Examples

- Infrastructure levies

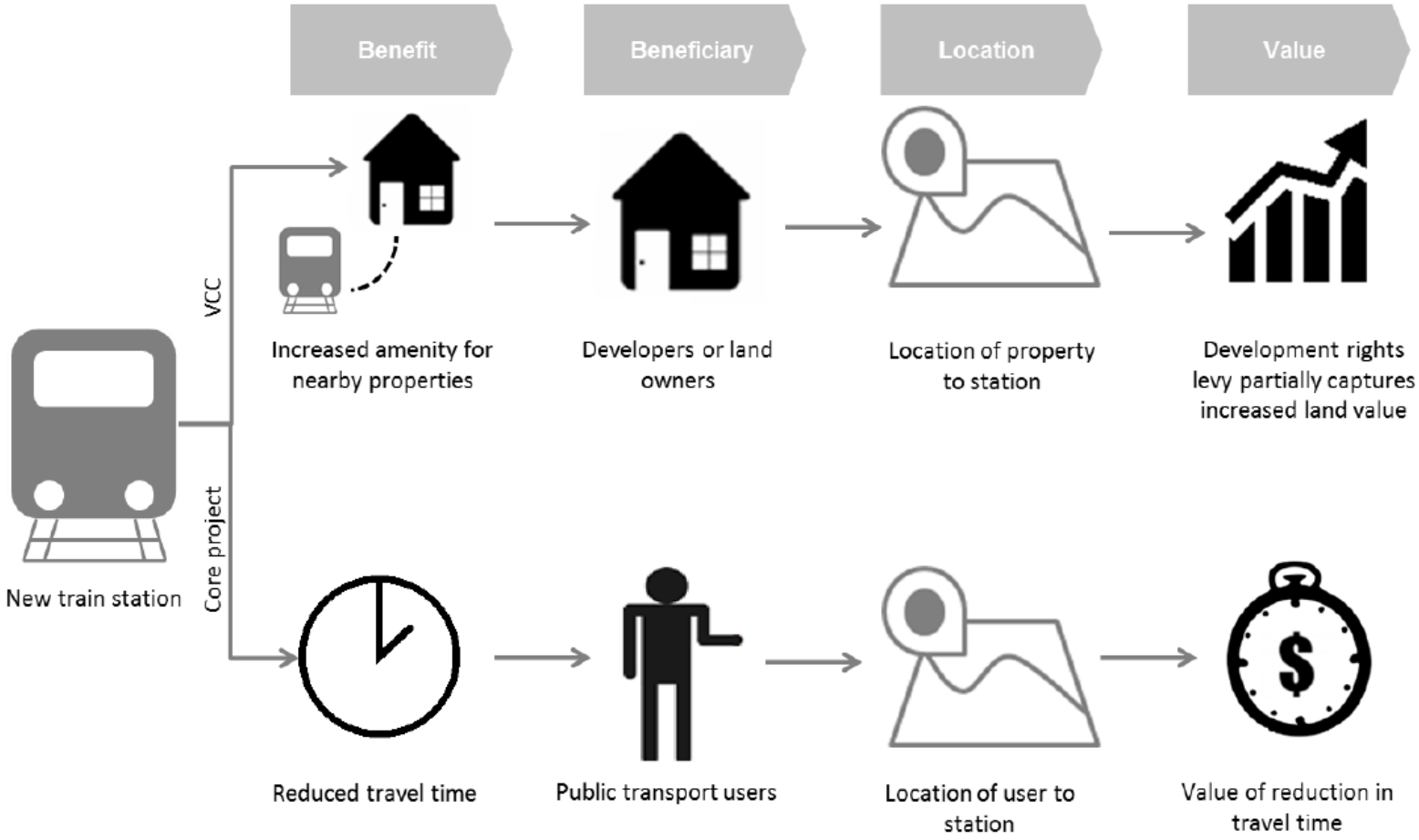
- Sale or lease of land and development
- Lease of advertising space and retail space

- Road tolls

- Sharing private asset manager dividends
- Voluntary contributions by beneficiary businesses

IDEAS ADVISORY

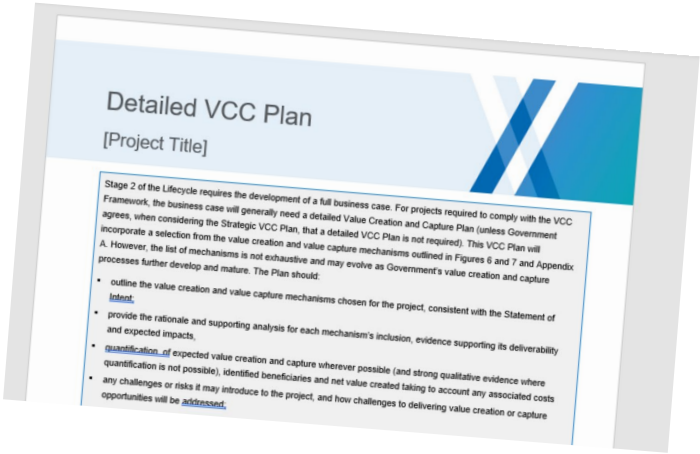
Core project outcome vs VCC



Source: Department of Premier and Cabinet

VCC in the business case

- A business case may require a detailed VCC plan
  - Detailed plan stage should only set out mechanisms to be taken forward by the investment
  - Include information such as:
    - Project overview
    - Value Creation objectives and mechanisms
    - Value Capture objectives and mechanisms
    - VCC opportunities requiring increasing project scope
    - VCC governance
    - Procurement strategy
    - Funding and financials
    - Outcomes and KPIs



Template is available at
www.vic.gov.au/value-creation-and-capture-framework

IDEAS ADVISORY

Administration of VCC – New in 2021

Project sponsors are now responsible for reviewing and endorsing VCC documentation internally

- This recent change reflects that departments and delivery agencies have specialist project knowledge and are best placed to determine appropriate VCC mechanisms

DPC remains responsible for:

- Developing and providing training on supporting material to identify appropriate VCC objectives, outcomes and mechanisms
- Providing guidance and assistance (vcc.administration@dpc.vic.gov.au)
- Supporting projects to build connections across government

IDEAS ADVISORY

VCC in the business case

DPC and DTF will continue to review VCC Detailed Plans as part of central agency Business Case reviews

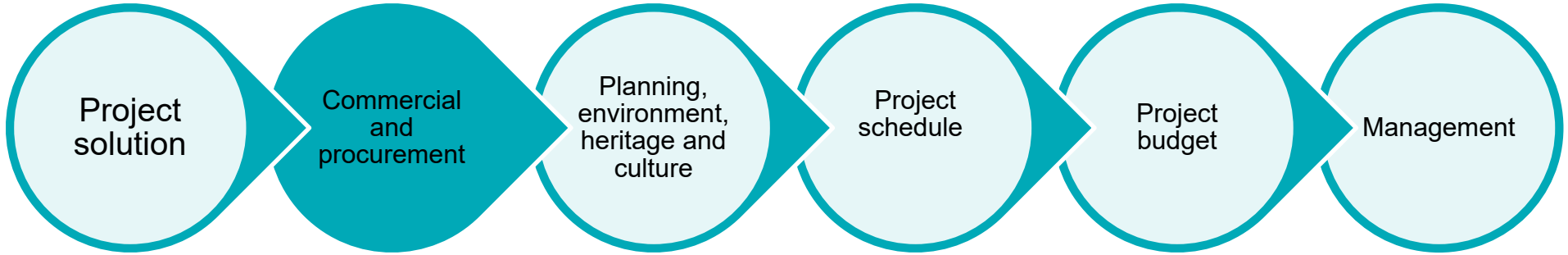
They encourage project proponents to continue putting forward high-quality VCC plans to improve the overall standard of the Business Case

VCC is easier to implement when opportunities are considered during the early stages of project development

The use of consultants is not a required step in the development of VCC plans

IDEAS ADVISORY

6 Key elements of the delivery case



Components of the business case - Commercial and procurement

- Procurement strategy
- Market conditions
- Commercial and procurement risk assessment
- Risk allocation
- Summary
- Method and criteria

IDEAS ADVISORY

Proving procurement

Questions to consider

Does your business case prove

- a robust process of procurement option testing
- a recommended procurement strategy
- that all suitable procurement options have been considered.
- An effective and value-for-money approach to deliver this project.
- Appropriate processes and timelines are demonstrated.
- expertise for this project has been demonstrated.

IDEAS ADVISORY

Procurement strategy

A high-level plan for achieving the project's procurement outcomes.

- Ensures procurement options, issues and risks inform the funding decision.

Considers a range of procurement options to determine a preferred approach that:

- Is appropriate;
- Is deliverable in the current market; and
- Maximises the opportunity to achieve service delivery objectives and benefits.

Considers the capacity and capability of the project team to manage the procurement and risks.

IDEAS ADVISORY

Factors commonly used in procurement analyses

No “one size fits all” – consider each project in terms of:

- risk
- price
- time constraints
- certainty
- scope and design
- capability and capacity
- innovation

IDEAS ADVISORY

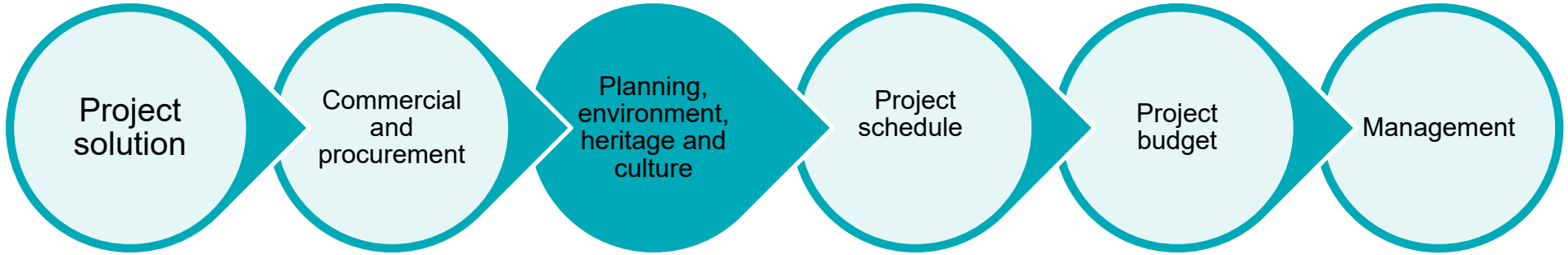
Technical guidance Procurement strategy guideline

Procurement types

- construct only
- design and construct
- design, construct and maintain
- construction management
- managing contractor
- early contractor involvement (ECI)
- alliance contracting
- PPPs (Partnerships Victoria projects)

IDEAS ADVISORY

6 Key elements of the delivery case



Components of the business case – Planning, environment, heritage, land and culture

Planning, environment, land, heritage and culture considerations	Summary
Planning, environment, land, heritage and culture risk summary	Method and criteria
Surplus Land	Location information

Planning, environment, land, heritage and cultural assessments

What of the following are needed to be in place for the project to proceed:

- planning approval or permits
- community engagement
- environmental impact assessments
- land identification
- acquisition
- management
- legislative
- regulatory
- government policy compliance requirements

Information requirements

- Assess the likely planning, environmental, land, heritage and cultural approvals required and the likely requirements and impact this may have on the project solution.
- If completed, summarise the results of the Environmental Effects Statement (EES) or a (Commonwealth) Environmental Impact Statement (EIS) and include the full reports in the appendix

IDEAS ADVISORY

Planning, environment, land heritage and cultural risk assessments

Information requirements

- Summarise any key risks related to planning, environment, land, heritage and culture.
- Undertake planning, environment, land, heritage and cultural risk assessment and management strategies.

Risks relating to planning and the environment should be summarised in the business case.

This could involve the outcome of community and other stakeholder consultation (including regulators), conditions or restrictions that may impact the project solution, and delays that may impact the project schedule.

IDEAS ADVISORY

Land

If the project includes land or property that is expected to become surplus if the project is funded, site details should be included in the business case.

The Victorian Government Landholding Policy and Guidelines **require** the existing site to be declared surplus and referred for sale.

For example, in delivering a new hospital or school, the existing site might become surplus upon completion.

New requirement

State Project Concierge

The State Project Concierge can help map out the planning approvals or pathways so your projects aren't slowed down by red tape.

They can help resolve complex planning issues or blockages as applications are being assessed.

For projects with complex approvals processes, the State Project Concierge is the single point of contact and will coordinate internal and external stakeholders to overcome barriers to progress.

https://www.planning.vic.gov.au/permits-and-applications/state-project-concierge

Sustainable Investment Guidelines (SIG)

Office of Projects Victoria

Victoria's new Sustainable Investment Guidelines

Technical supplement to the DTF Investment Lifecycle and High Value High Risk guidelines.

Applies across the DTF Investment Lifecycle

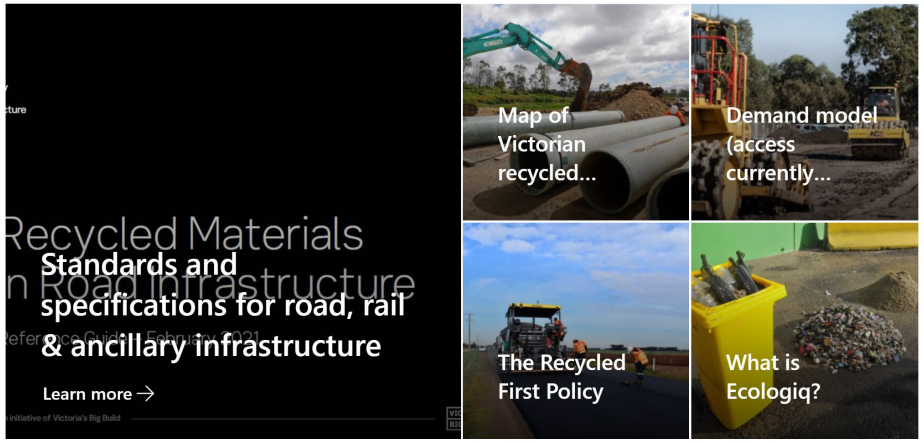
- Business case (investment and delivery cases)
- Procurement
- Delivery

Supports a consistent approach to adopting sustainable practices in Victorian Infrastructure Investments:

- Balances the needs of environmental, social and economic priorities to achieve sustainable development by considering 8 Sustainable Investment Themes (SITs)
- Establishes sustainable investment target maturity levels to achieve a fit-for purpose approach based on project value and risk

Victorian Government Priorities

Optimising Recycled and Reused Materials in Transport Infrastructure Projects



SIG supports the achievement of Victorian government priorities including:

- Climate Change Strategy
- Sustainability Victoria: Recycling Victoria policy (recycling and reducing waste), energy efficiency and reducing emissions priorities
- MTIA Recycled First policy
- Treasury Corporation Victoria (TCV):
  - SIG supports the information needed by TCV to administer Green Bonds
- Sustainable Procurement Framework
- DTF Investment Lifecycle:
  - Considering sustainability from a whole-of-life perspective results in maximising sustainable benefits delivered across the life of the asset

Sustainable Investment Themes (SITs)

	Sustainable Investment Theme	Relevant UNSDG
	1 Cultural Heritage	9 - Industry, innovation, and infrastructure 11 - Sustainable cities and communities
	2 Liveability	3 - Good health and wellbeing 4 - Quality education 5 - Gender equality 10 - Reduced inequality 11 - Sustainable cities and communities
	3 Transport, access, and connectivity	9 - Industry, innovation, and Infrastructure 11 - Sustainable cities and communities
	4 Climate resilience	7 - Affordable and clean energy 11 - Sustainable cities and communities 13 - Climate Action
	5 Material use and circular economy	12 - Responsible Production and Consumption
	6 Energy productivity and carbon emissions	7 - Affordable and clean energy 13 - Climate action
	7 Integrated water management	6 - Clean water and sanitation 11 - Sustainable cities and communities
	8 Environmental protection and enhancement	13 - Climate action 14 - Life below water 15 - Life on land

Sustainable investment target maturity levels

Tiered maturity model supports fit-for purpose approach and highlights appropriate practices for each maturity level

	DEFINED	MANAGED	OPTIMISING
SIG maturity target level	Recommended for all Victorian Government investment projects	Recommended for teams delivering larger (including HVHR) projects	Recommended for priority or flagship projects, or projects seeking to demonstrate improved efficiency or performance
Cost-benefit analysis	Consider sustainability benefits across 8 SITs in determining project value for money	Model Whole-of-Life costs to justify sustainability benefits and value for money	Conduct Real Options analysis to justify the project solution based on range of potential outcomes
	Appropriate expertise is engaged early in problem, options and solutions development	Option evaluation considers emissions from construction and operation	Consider whether project objectives should include scope 3 emissions
Risks	Meets climate change strategy and pledge requirements Sustainability risks are linked to objectives	Risk analysis considers sustainability trends over the expected asset life, including beyond the investment timeframe	
Sustainable Procurement	Use weighted evaluation criteria to favour businesses that support sustainable procurement objectives	Contract negotiation team authorised and capable of balancing sustainability objectives against other project objectives	Contract negotiation team authorised and capable of balancing sustainability objectives against other project objectives
Contracts	Contractual requirements to achieve sustainable procurement objectives	Sustainability objectives in contract align with long term sustainability outcomes during operation	Approach incentivises tenderers to exceed contractual requirements for sustainability outcomes
Rating Tools	Sustainability rating tools are selected based on agency requirements	The use of a sustainability rating tool and appropriate targets are based on the specific sustainability outcomes applicable to the project context	
Accountability	Project owners ensure project team has responsibility for sustainability outcomes	Project governance structure identifies responsibility for sustainability outcomes	Personnel that defined sustainability outcomes in the Procurement stage are responsible for implementation
Monitoring and reporting	Sustainability outcomes are tracked and reported	Projected operational sustainability performance of the asset is monitored throughout project delivery (including detailed design)	Ongoing oversight of contractor includes sustainability metrics in reporting

Problem testing using SIG

	Business as usual approach	Approach considering sustainability factors
Problem identification	'Limited road capacity and increasing populations of townships A and B are causing congestion at peak hours on the roads.'	'Townships A and B share many services and shops and there is no convenient public transport or safe routes for walking and cycling between the two centres. Population in the areas is increasing and there is a lack of master planning for future growth. This is causing traffic congestion at peak hours on the road between townships A and B. In addition, accidents involving cars and cyclists are common and noise and air pollution complaints are frequent amongst residents along the existing road. Residents in both townships are concerned about future congestion'
Outcome	A narrow approach to problem identification and solution development leads directly to one solution – that the road should be widened and its capacity increased	The inclusion of a wider range of sustainability considerations such as cyclist injury/health, noise and air pollution means that it presents a wider range of possible solutions. Considering this broad range of issues at this early stage increases the likelihood of achieving positive sustainable investment outcomes for the local region

Options

Have your options and solutions included sustainability?

For example:

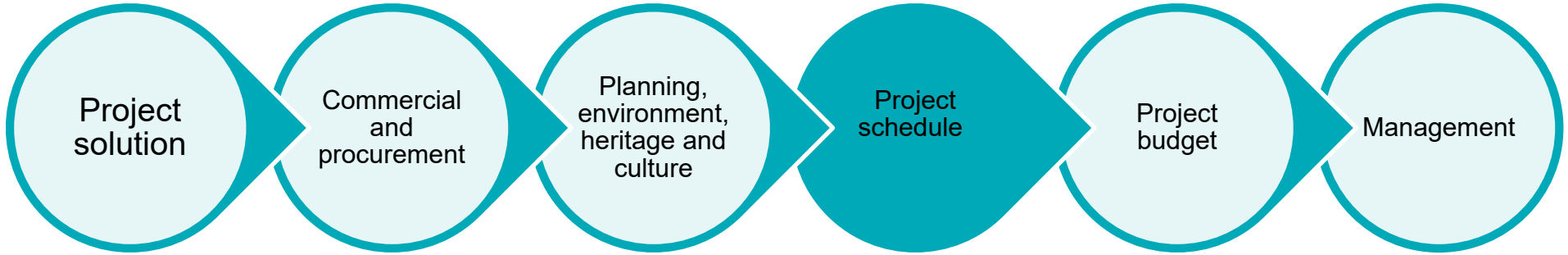
- full costs and benefits over the investment's lifecycle
- resilience of the asset, and its ability to meet service objectives under future scenarios
- ability of the option to support the Government's zero carbon goal
- avoided costs eg health care and energy use costs associated with poor thermal comfort
- environmental benefits including ecology, avoidance/ sequestration of waste and use of recycled materials
- amenity and wellbeing eg lack of access to green space for community members
- protection of important cultural heritage sites.

- Will the problem more likely create environmental, or other, harm if a response is delivered quickly or delayed?
- Will Government sustainability targets be missed if a response is not delivered or is delayed?
- Will delaying climate resilience works now result in higher costs in future, or risk investing in stranded assets?
- What social or environmental benefits may result during the delivery stage of the project?

Victoria's Managed Insurance Agency's climate change risk management service and Victoria's Future Climate Tool supports scenario modelling and stress testing of the climate change resilience of options

Future Climate Tool: most recent climate model simulations of Victoria's future climate and indicators of climate-related hazards (including temperature, rainfall and heatwaves) for both high and medium emissions.

6 Key elements of the delivery case



Components of the business case - Project schedule

- Detailed project schedule
- Critical path activities and key milestones
- Project schedule risk assessment
- Summary
- Method and criteria

IDEAS ADVISORY

Proving project schedule

Questions to consider

Does your business case prove

1. a robust project management strategy
2. an appropriate project management strategy / methodology
3. an appropriate level of project planning has been developed
4. a change management / plan strategy has been developed
5. the organisation has or can secure the capability/skills
6. resourcing and expertise at different phases of the project
7. a history of delivery of similar projects
8. a change management and hand-over strategy

IDEAS ADVISORY

Proving timelines

Questions to consider

Does your business case prove

1. ability to deliver the project on time
2. appropriate project timelines and major milestones
3. consideration for managing critical timelines
4. sufficient time and resources have been allocated
5. external factors have been included / addressed
6. a process and / or contingency plan to manage delays

IDEAS ADVISORY

Proving risk

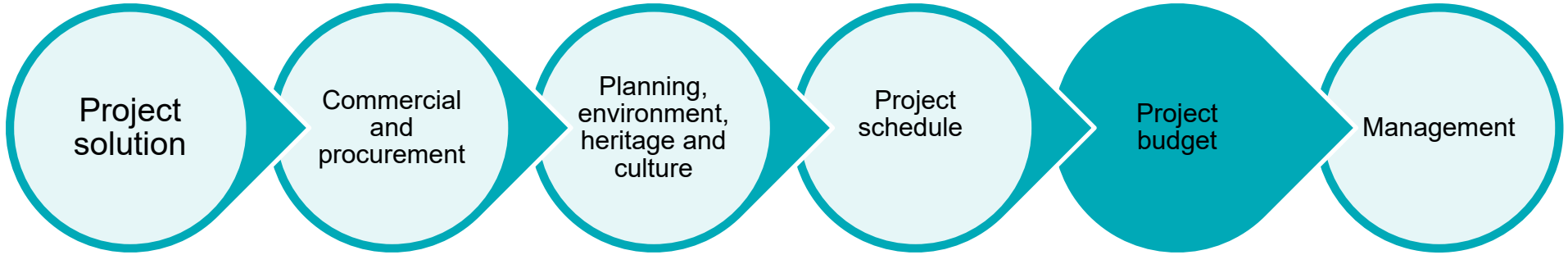
Questions to consider

Does your business case prove

1. that the risk management planning process is robust
2. there is a clear risk strategy identifying all relevant risks
3. a history of related projects and their risk mitigation success
4. the risk management plan identifies and has allocated risks

IDEAS ADVISORY

6 Key elements of the delivery case



Components of the business case - Project budget

Summary costing	Summary
Budget impact – Detailed costing	Method and criteria
Whole of life costs	Location information
Funding sources	
Project budget risk assessment	
Staffing and New Executive Officer Positions	

IDEAS ADVISORY

Proving cost

Questions to consider

Does your business case prove

1. all key elements of the project have been costed
2. costs are comparable to similar projects previously delivered
3. scope of the project is deliverable within the project cost
4. evidence provided strongly supports the project
5. project contingencies and risk allocations are clear
6. costs are sufficiently detailed
7. whole of life costs are sufficiently detailed
8. alternative options have been presented with detailed costings
9. alternative funding is included and the risks associated

IDEAS ADVISORY

Accuracy of estimates in the business case

Section	Processes	Estimate
Investment case **(A focus for the Preliminary Business case)**	**Investment logic** Problem, benefits identification, response options, indicative solutions	Order of magnitude estimate type -40% to +60%
	Project scoping Project option appraisal, define project scope (and options for further consideration) with concept design	Concept estimate -30% to +60%
Delivery case **(A focus for the full business case)**	**Pre-feasibility** Assessment of project options, initial risk and environmental assessment	Developed concept estimate -20% to +25%
	Feasibility Integration of risk assessment, preliminary design, functional model, whole of life costing and procurement strategy	Preliminary design estimate -15% to +25%
	Procurement Staged tender process including tender preparation and evaluation	Tender estimate -10% to +15%
	Negotiate contract price agreement	Tender price/contract (excluding agency administration cost) -5% to +10%

IDEAS ADVISORY

IDEAS ADVISORY

Risk, Time, Cost and Contingency (RTCC) Guidelines

RTCC Overview

A single guide incorporating the fundamentals of project controls

Relates the foundations of benefits, scope, and quality to risk, time, and cost outcomes

Specific guidance for each stage of the DTF Investment Lifecycle

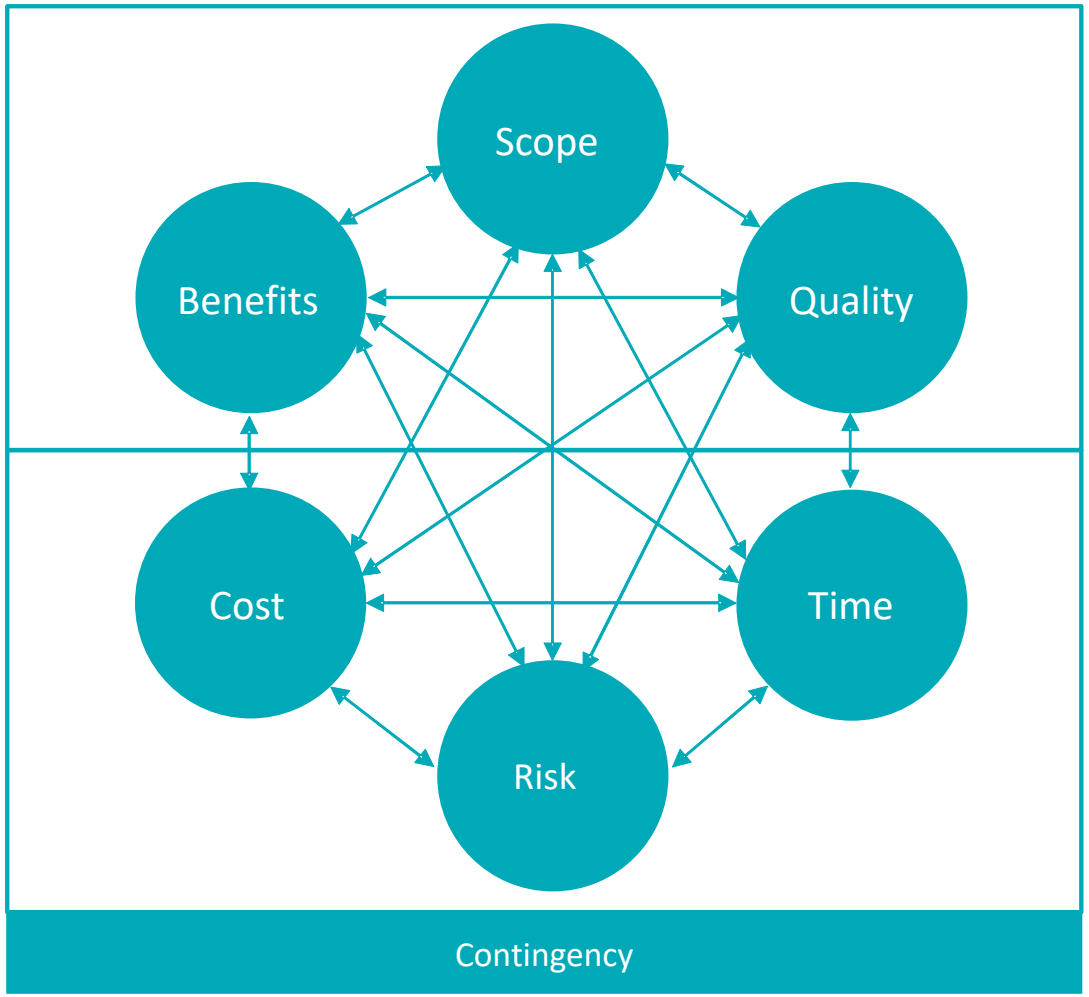
Sets expectations based on project scope, stage, and team maturity

Facilitates timely discovery and reporting of balance sheet pressures

Provides consistency in expectations and terminology across Government

Supports monitoring of the capital program budget

Uplifts maturity of Government as a client



IDEAS ADVISORY

Fit-for-purpose requirements

Introduces staged maturity model to support fit-for purpose approach

Maturity levels aligned with project scale and stage

Reflects policy and reporting requirements per maturity level

Highlights appropriate practices per maturity level

Tailored to match current Victorian Government needs

DEFINED	MANAGED	OPTIMISING
Requirements applicable to all projects	Requirements applicable to agencies delivering HVHR projects	Recommended for priority or flagship projects, or projects seeking to demonstrate improved efficiency or performance

Guideline Overview

Foundations of RTCC

- **Benefits**
- **Scope**
- **Quality**

Risk	Time	Cost	Contingency
• What and why? • Risk vs Uncertainty • Deterministic vs Probabilistic	• What and why? • Basis of Schedule • WBS • Critical Path	• What and why? • Cost Estimate • Earned Value Management	• What and why? • P-Values • Project Budget • Change Management
Reporting Requirements	Reporting Requirements	Reporting Requirements	Reporting Requirements
Steps for Implementation	Steps for Implementation	Steps for Implementation	Steps for Implementation
Quantification	Quantification	Quantification	Quantification
Costed Risk Register	**Schedule**	**Cost Estimate**	**Contingency / Project Budget**

IDEAS ADVISORY

Minimum expectations for project estimation

Time

Project Size	Business Case	Procure	Delivery
Non-HVHR	Analogy / Top-Down	Analogy / Top-Down	Detailed build-up (WBS)
HVHR	Parametric	Detailed build-up (Reference Design)	Detailed build-up (WBS)

Cost

Project Size	Business Case	Procure	Delivery
Non-HVHR	Analogous where comparable data exists	Unit Rate Method / First Principles Estimating / Take-off	Detailed build-up
HVHR	Parametric	Detailed build-up (Reference Design)	Detailed build-up

Contingency

Project Size	Business Case	Procure	Delivery
Non-HVHR	Parametric Modelling / Predetermined Guidelines	Parametric Modelling / Predetermined Guidelines	Parametric Modelling / Predetermined Guidelines
HVHR	Hybrid with Simulation	Simulation	Simulation based ICSRA

Time

Time

"represented in a project schedule, aligned with project scope"

→ integration of activity dependencies, realistic duration estimates and combined resource planning is fundamental

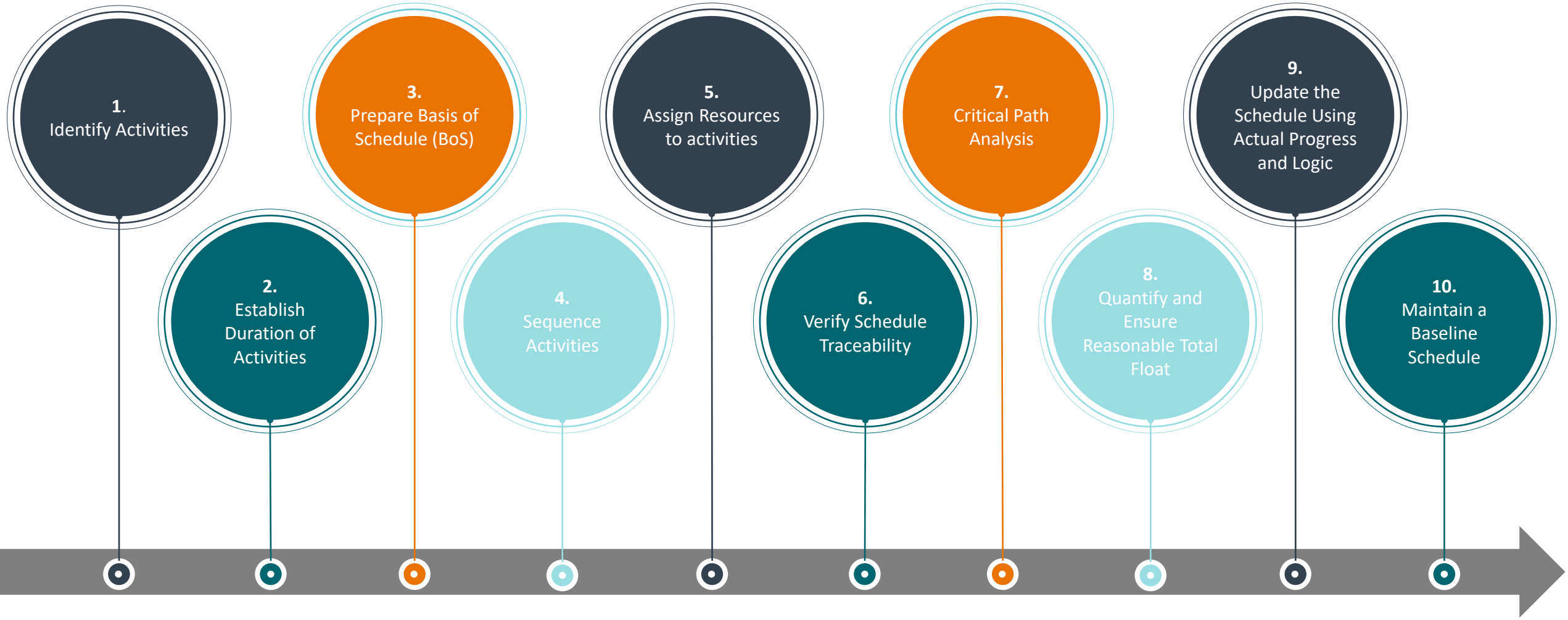
Good Scheduling prevents

- Schedule delays
- Inaccurate cost estimations
- Inaccurate critical path
- Resources unavailability
- Cost increases

LNG Project - Jetty

Schedule delay of up to 18 months due to not planning for high tide

Time Management Process



Cost

Cost

"expenditures incurred in the execution of a project over the investment lifecycle"

- Effective decision making
- Managing expenditure within budget

Inaccurate Estimates

- May lead to selection of a project over a more suitable investment
- Results in additional scrutiny and effort if the project overruns

IDEAS ADVISORY

Contingency

Contingency

"allocation of funding to cover State retained risk and uncertainty for a project"

also referred to as

Project Risk Estimate

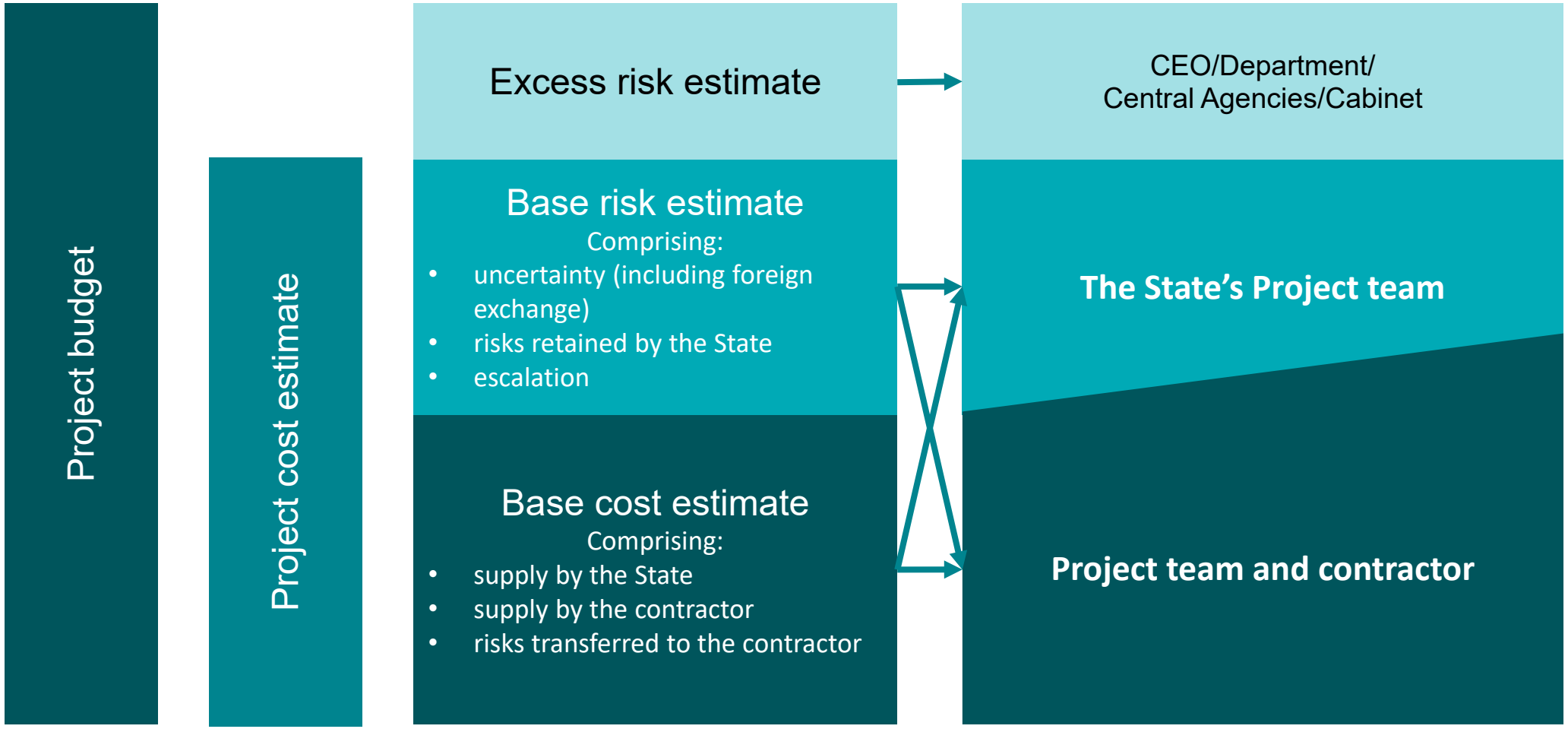
- no substitute for poor cost estimating, project planning, and scheduling
- not for unidentified/unforeseen risks
- based on residual risk & uncertainty
- not included in Base Cost Estimate

No provision for scope changes or extraordinary

IDEAS ADVISORY

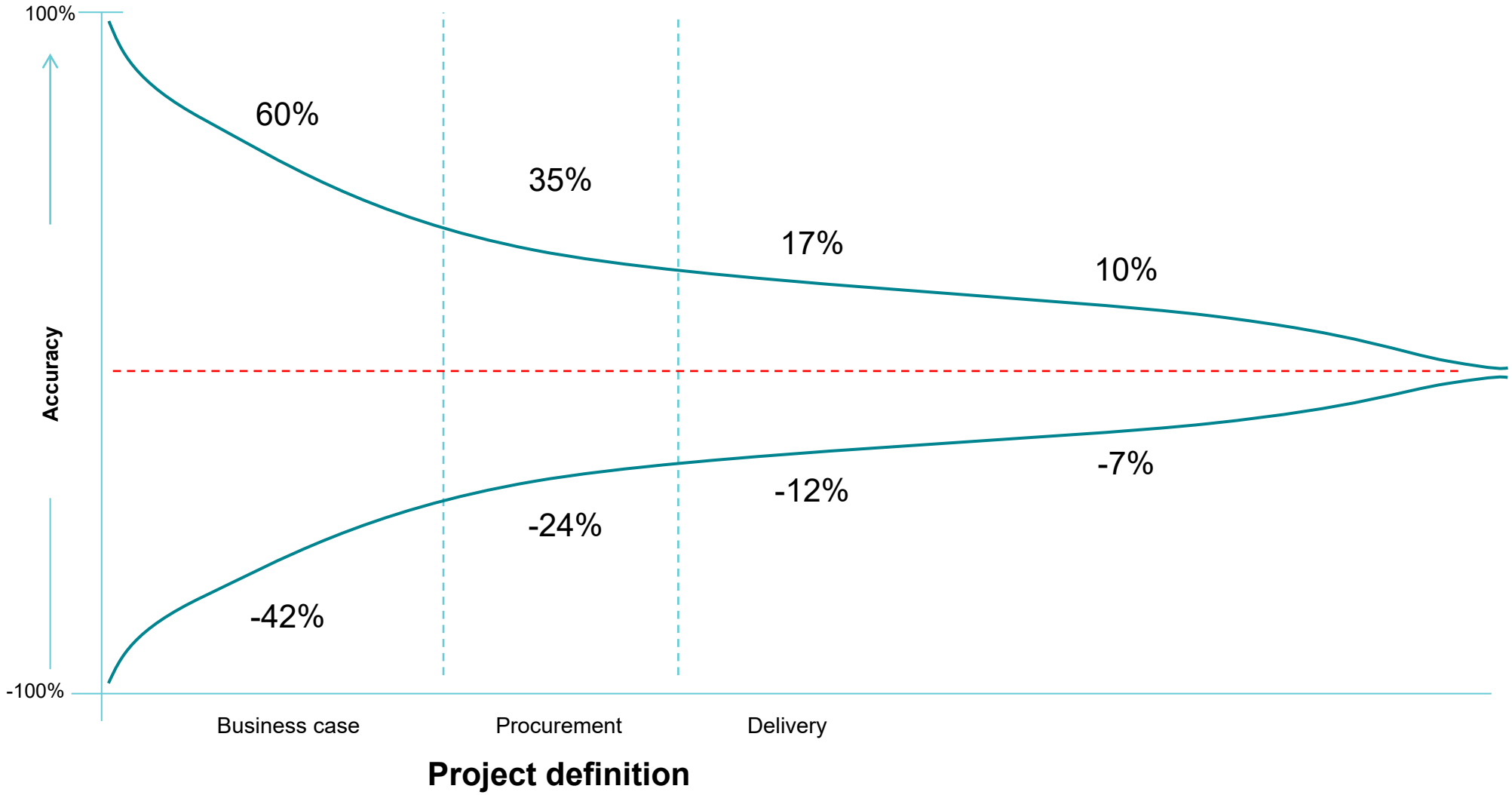
Project Budget Breakdown

Project Budget Allocation



Cost - Estimate Accuracy

Indicative estimate accuracy increases as the project progresses



What is Risk?

Risk

"Risks are events or conditions that may or may not happen and influence, positively (opportunities) or negatively (threats) a project or asset."

Inadequate risk management

- Time & Cost & Contingency Under/Overestimation
- Inefficiencies
- Black Swan events

Stuttgart 21 (Train station)

- Delays >6 years
- Not yet finished
- Likelihood and impact of environmental risk underestimated

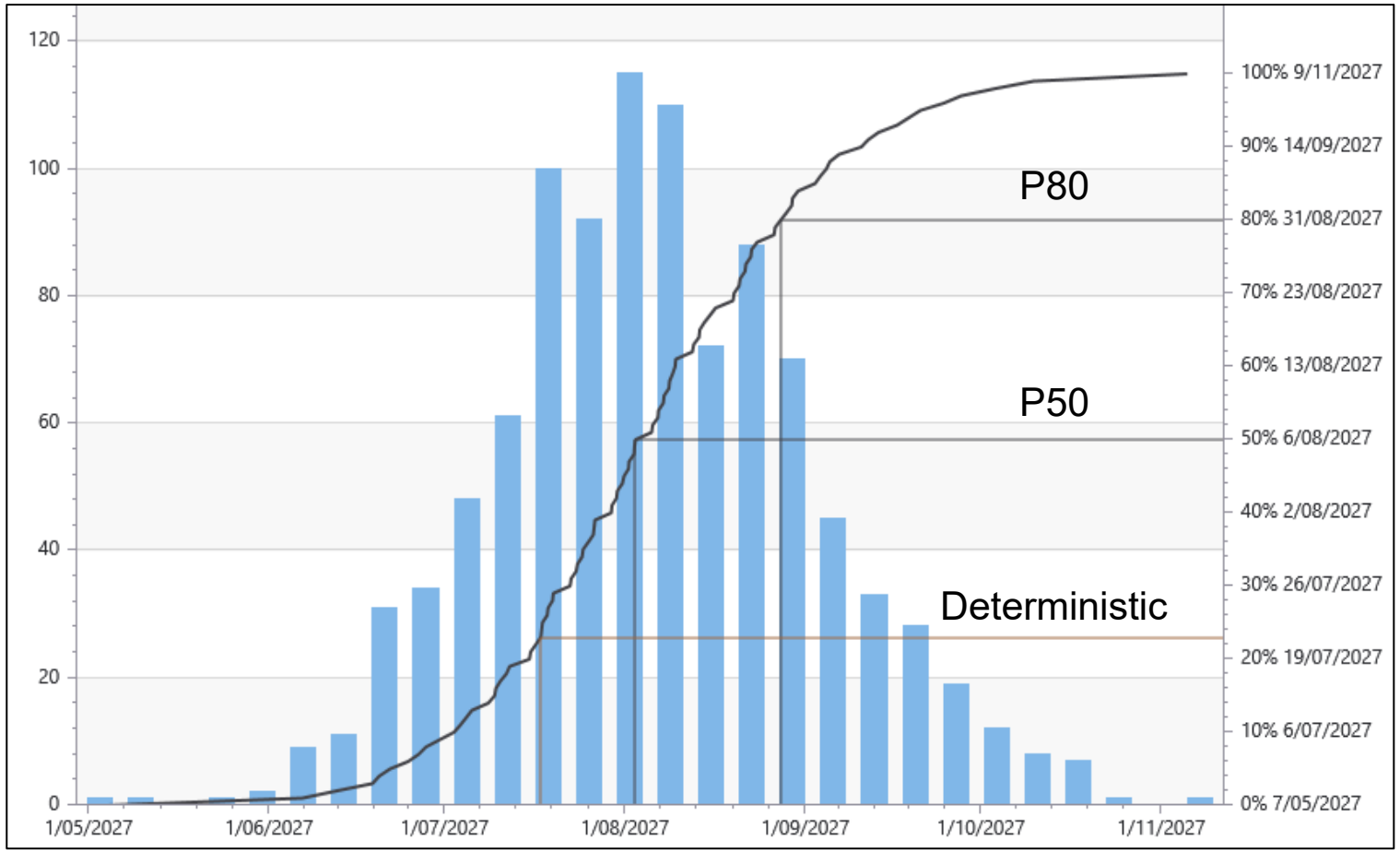
Estimate level of confidence

Contingency Output

- Usually described as p-values
- Determined from Risk Exposure Graph

P60 means that there is a likelihood of 60% that the schedule duration/costs will be lower than, or equal to the P60 value

Risk Exposure Graph (Schedule0



Risk vs Uncertainty (the RTCC definition)

Uncertainty always exists. Risk may or may not occur.

Risk

- Potential events or conditions that have a positive or negative impact

<100% probability of occurrence

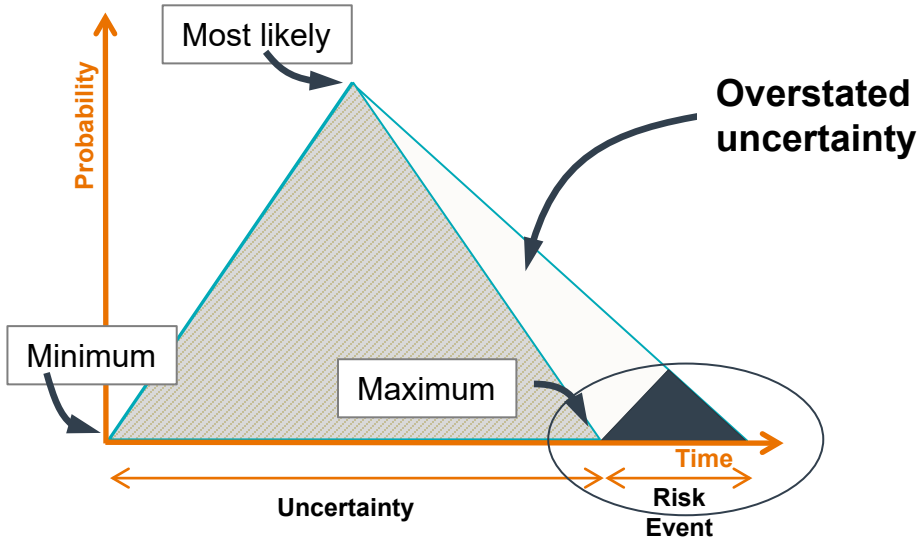
VS

Uncertainty

- Inherent variability of cost and duration estimates

100% probability of occurrence

may have a range of impacts

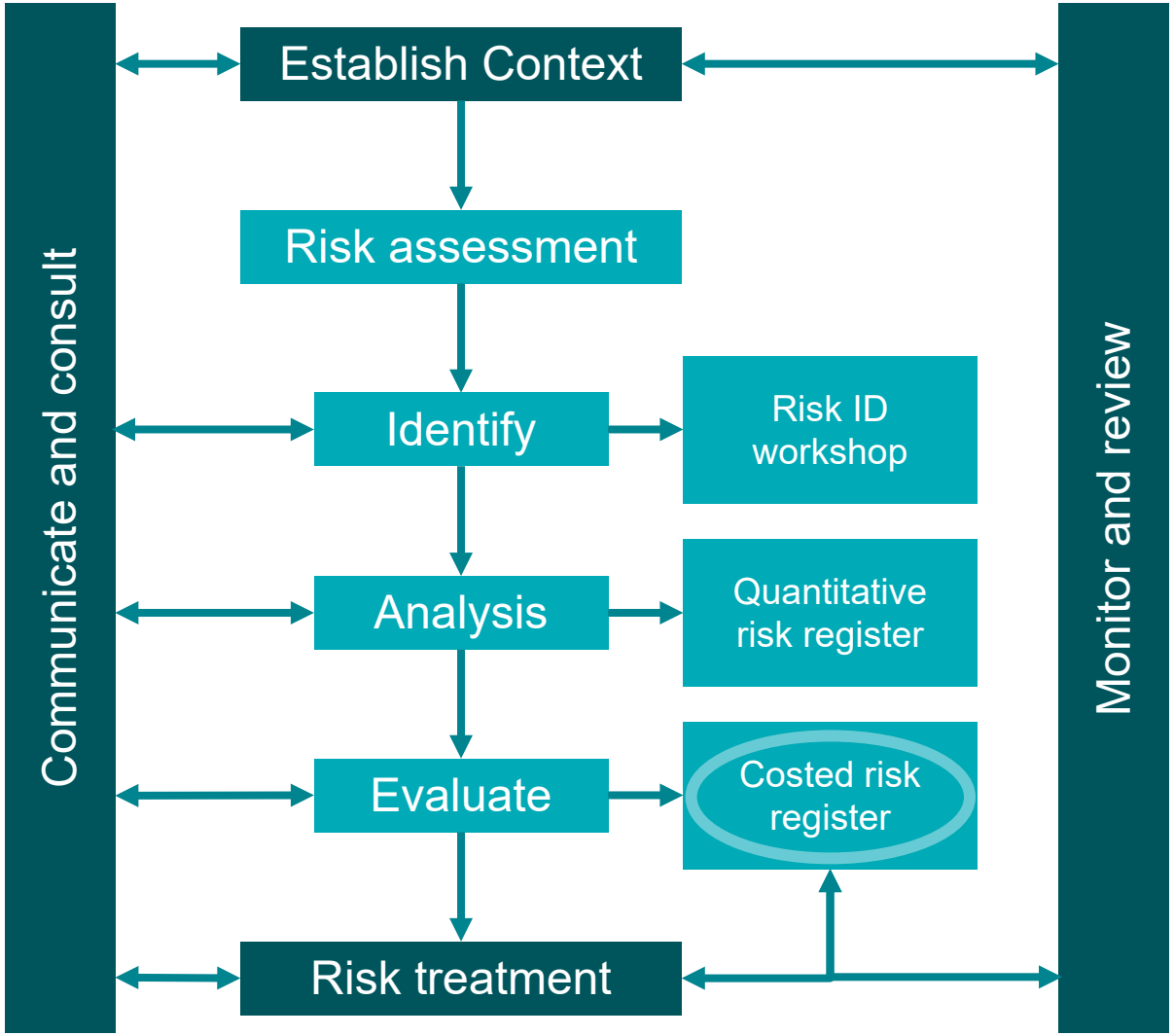


IDEAS ADVISORY

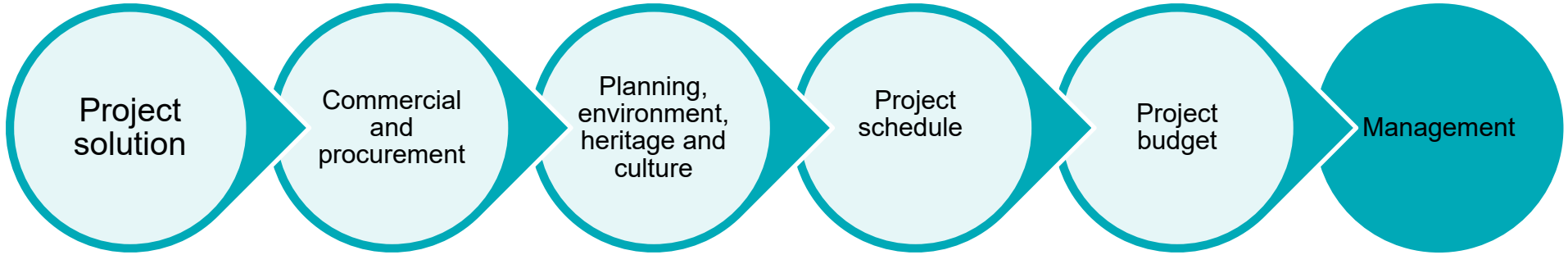
Risk Management Framework

Risk

- Risk needs to be identified, analysed, evaluated, treated and monitored
- Project team is responsible



6 Key elements of the delivery case



Components of the business case - Management

- Governance framework
- Stakeholder engagement and communications plan
- Project management strategy
- Change management
- Performance measures and benefits realisation
- Risk management
- Exit strategy
- Readiness and next steps
- Summary
- Method and criteria
- Location information

IDEAS ADVISORY

Proving governance

Questions to consider

Does your business case prove

1. deliverability using this governance structure
2. accountabilities in the governance structure are clear
3. the project board/steering committee has a relevant experience
4. there is an appropriate plan to secure required resources
5. a history of comparable to similar projects previously delivered
6. appropriate stakeholder engagement and communications
7. relevant stakeholders have been identified
8. consideration of other projects

IDEAS ADVISORY

Governance and project steering

Project governance is vital to successful project delivery

- All projects must have a Senior Responsible Owner
- Most projects will have Project Board or Steering Committee or both with agreed roles
- Choose a quality project manager – with skills and experience equal to the task
- Outline roles and responsibilities, decision-making capacity, any independent assurance

IDEAS ADVISORY

Stakeholders and environmental constraints

Stakeholders can have significant impact on delivering your preferred solution.

- The impact may be either positive or negative on the project and will become apparent in the early stages of project planning.
  - Are key stakeholders going to support the preferred solution?
  - Does the business case have an appropriate Stakeholder Management Plan to engage stakeholders and manage stakeholder risks?

IDEAS ADVISORY

IDEAS ADVISORY

Project assurance

Independent ‘health checks’ - Gateway Review Process

Structured, high-level review process that examines projects and programs at key decision points

- It is a structured, high-level, independent review process that examines projects and programs at 6 key gates:
  - Gate 1 - Concept and Feasibility
  - Gate 2 – Full Business Case
  - Gate 3 – Readiness for Market
  - Gate 4 – Tender Decision
  - Gate 5 – Readiness for Service
  - Gate 6 – Benefits Realisation
- Program and Project Assurance Reviews are also undertaken.

Gateway reviews are designed to provide independent advice / feedback for project Senior Responsible Owners

IDEAS ADVISORY

Key Benefits of Gateway & Project Assurance Reviews

Focused on helping projects succeed

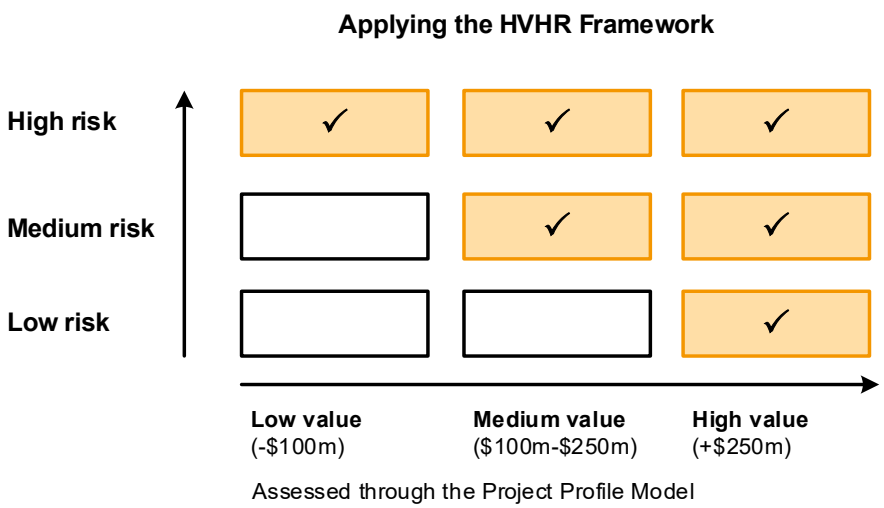
- Short, sharp and target review
- Identify current and emerging issues that will impact project success
- Provide recommendations for action
- Project teams are exposed to industry “best practice” project proposal development, procurement and delivery methodologies
- Knowledge transfer from other departments, from the private sector, and from interstate or international jurisdictions
- Access to best available skills and experience usually at no additional cost to the project
- Conducted through a coaching/mentoring approach

IDEAS ADVISORY

The HVHR project assurance framework

The HVHR Framework seeks to:

- verify that robust project planning and procurement processes have been followed to support quality project planning and procurement processes and documentation;
- provide impartial and informed advice to Government on deliverability risks.



A project will be classified as being HVHR if it is a budget-funded project that is:

- considered high risk using DTF's risk assessment tool, the Project Profile Model (PPM);
- considered medium risk using the PPM and has a TEI of more than $100 million;
- has a TEI over $250 million; or
- identified by Government as warranting the rigour applied to HVHR investments.

IDEAS ADVISORY

Project Assurance Plans

The Department of Treasury and Finance (DTF) prepares a Project Assurance Plan (PAP) for all HVHR investments in consultation with delivery agencies.

In developing the Project Assurance Plan, DTF considers:

- the risk profile of the project as recorded in the Project Profile Model, including what stages carry material risk;
- the assurance functions that will provide the greatest value to manage these risks, or whether a Gateway Review and standard reporting provides sufficient assurance during delivery;
- any views of the department or relevant Minister contained within the business case that provide a rationale for exception from standard assurance functions; and
- Government policy decisions.

IDEAS ADVISORY

IDEAS ADVISORY

Components of a business case

Appendix and Overview (executive summary)

Components of the business case - Appendix (Recommended)

A. Checklist and sign-off

B. Investment Management Standard Outputs
   - Investment Logic Map
   - Benefit Map and Benefit Management Plan
   - Response Options Analysis Report
   - Investment Concept Brief

C. Legislative and policy compliance
   - Acts
   - Policy / Strategy / Standards / Guidelines / Codes of Practice
   - Future alignment

D. Board and staff showcase
   - Board
   - Staff

E. Other documents (available upon request)
   - Strategic plans
   - Reports
   - Communications and Stakeholder Engagement Plan
   - Change Management Strategy
   - Digital asset strategy
   - Risk register

IDEAS ADVISORY

Components of the business case – Structure and Overview

Overview

3 900 characters and no images

This submission seeks State Government approval for [Department or agency] to invest in [Asset or Output description], to support Combined benefit statement].

In developing this business case, [number] options were considered. The preferred option is projected to cost [value] million over [time period], comprised of [funding source]. The [investment name] is expected to be fully operational by [time frame].

Contents

IDEAS ADVISORY

IDEAS ADVISORY

Digital Asset Policy

Digital Asset Policy - objectives

- Deliver a **coherent and consistent approach** to information management on VicGov infrastructure projects
- Provide the **foundational central policy** for Departments, Agencies and Projects to drive their digital transformation
- Generate **savings and increase productivity** on construction projects
- **Reduce risk** through more transparent and streamlined reporting
- **Improve capability and capacity** of our project team's digital capabilities

IDEAS ADVISORY

Digital Asset Policy - benefits

\ **Coherent approach to information management across VicGov that:**
- enables knowledge sharing across departments and agencies
- encourages industry investment in technology
- generates savings through centralised platforms and systems

\ **Efficient use of technology that:**
- Reduces risk in design and construction
- Allows for transparent, timely and high-quality data reporting
- Frees up our people for decision-making rather than manual effort

\ **Improved benefit delivery with:**
- Reduced project timelines
- Faster planning approvals processes
- Smoother business-case and procurement processes

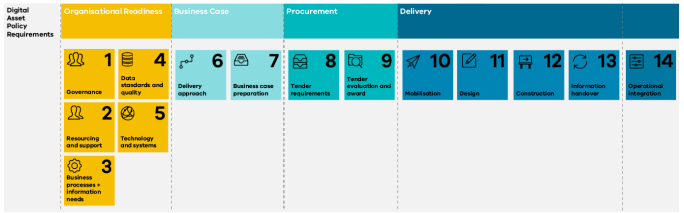
Digital Asset Policy

REQUIREMENTS

- Criteria in **three tiers of application** depending on project risk profile

	DEFINED	MANAGED	OPTIMISING
Definition	Requirements applicable to all projects greater than $10M	Requirements applicable to delivering High Value High Risk (HVHR) projects	Recommended for priority or flagship projects, or projects seeking to demonstrate improved efficiency or performance

- Requirements at **all project lifecycle stages:** *Business Case → Procurement → Delivery*



- Requirements for effort in **people, process, data and technology**
- Applies to **all infrastructure projects** >$10M TEI

IDEAS ADVISORY

Digital Asset Policy and Business case preparation

These requirements are aligned to the RTCC policy discussed before and consider how the project delivers on organisational objectives, leverages existing information, is reasonably founded on a data-driven service need, and generates social, environmental, and economic benefits.

	DEFINED	MANAGED	OPTIMISING
Scope (RTCC)	Information management scope is clearly delineated between the Appointing party and lead appointed party.	Information management requirements are integrated with the principal project requirements (PPR) or project scope and delivery requirements (PSDR).	Information management scope is defined by a performance specification.
Benefits realisation (RTCC)	The department/agency lead includes digital assets benefits in the business case.	The department/agency lead defines how benefits will be measured and reported including consideration of sustainability outcomes.	The department/agency lead maintains benchmark data for digital benefits to inform business cases.
Risk Management (RTCC)	Risk management processes are considered in Business Case processes and are implemented systematically and consistently.	The department/agency lead has used a risk-based approach in defining the AIR, PIR, and EIR. The department/agency Lead actively reports these to support risk modelling.	The department/agency lead uses previous project risk data to improve future department/agency information requirements.
Time Management (RTCC)	The Work Breakdown Structure (WBS) includes information management activities and project milestones and links duration to scope.	The department/agency lead specifies how time-related information is managed in the PIR and EIR.	The department/agency establishes and maintains a project master schedule and enterprise system.
Cost and Contingency Management (RTCC)	The cost breakdown structure (CBS) links cost and scope.	The CBS is linked to the work breakdown structure (WBS) in the PIM.	The CBS is integrated in an Appointing Party CDE and linked to available information (e.g. risk, time, cost, contingency etc.)

Final thoughts

Final thoughts: Project versus investment success

Project delivery success may be defined by budget and schedule parameters.

However, investment success must be defined in terms of outcomes.

To be successful, an investment must:

Resolve (at least in part) the stated problem(s) that drove the investment need;

Deliver the intended and documented benefit(s); and

Meet a demand for service over its operational life (current and future need).

Don’t get so focused on solution, budget and schedule that you lose sight of what you set out to achieve

Ensure your project delivery team clearly understands.

You may not fully understand the extent of project success or failure until the asset has been operational for some time.

IDEAS ADVISORY

Final thoughts: sneaky simple calculator for jobs created

ABS holds detailed data on averages for job creation to the amount that is spent on infrastructure in an industry. It requires some manipulation but is a great resource.

3 jobs per million spent is a reasonable estimation of people employed during a project

$$3\ X\ \$500m = 1500\ people\ employed$$

$$3\ X\ \$60m = 180\ people\ employed$$

IDEAS ADVISORY

Questions?

IDEAS ADVISORY

Links

Investment lifecycle and high value high risk guidelines

Investment lifecycle and high value high risk guidelines

(includes OPV policies)

High value high risk framework

High value high risk framework

Gateway review process

Gateway review process

Investment management standard

Investment management standard

IMS workshops and examples

Applications of the investment management standard

DataVic access policy

DataVic

DataVic access policy

Templates

Ideas Advisory

IDEAS ADVISORY

Useful data sources

Victoria

DataVic

My Victoria

Victoria in Future

State financial data sets

Victoria Unearthed

Exploring Victoria's climate change risks

Victoria's changing climate

TCV Sustainability Bonds

Federal

data.gov.au

Australian Bureau of Statistics

IDEAS ADVISORY

How Modern Government Works

https://www.vic.ipaa.org.au/courses/how-modern-government-works/

Course overview

Participants will gain a comprehensive knowledge of How Modern Government Works through:

learning the Fundamentals of modern government

gaining a greater understanding of the history and processes of government

understanding the relevance of your role within the modern system.

Course outcomes

Participants will walk away from the course with an in-depth knowledge of:

the role of Parliament and Cabinet

the relationship between the Commonwealth, state and local government

the role departments play in the larger government context

how to navigate through range of challenges that present themselves in the public sector.

IDEAS ADVISORY

Attribution

Ideas Advisory would like to thank the Department of Treasury and Finance (Victoria) and the Department of Premier and Cabinet (Victoria) which encourages the dissemination and re-use of its information.

To receive this publication in an accessible format phone 0411 885 889 or email greg@ideasadvisory.com.au