

SUSTAINABILITY INVESTMENT GUIDELINES SUMMARY

PROCURE

Your objective should be to lock your sustainability performance objectives into the procurement process and into the contract by:

- making clear what your performance targets are
- identifying the responsibilities of the contracted party to deliver the performance
- leaving space in the procurement process and in the contract for innovation.

The guidance promotes the sensible use of industry rating protocols to help articulate sustainability performance requirements. It is important not just to mandate a 'star' rating number in your contract as this can drive 'credit chasing'.

Checklist:

Are your sustainability performance objectives clearly outlined in the contract?

Is it clear who is responsible for delivery of your sustainability performance?

IMPLEMENT

As construction evolves, there will normally be pressure on the capital budget, and the project's sustainability attributes may present an easy target.

The Sustainability Investment Guidance have a renewed emphasis on whole of life costs. When undertaking value engineering it is important to ensure the whole of life implications are considered from a cost and benefit perspective. It is important to avoid cost cutting that undermines the long term investment rationale of your project.

Checklist:

Are the whole of life project benefits being protected through project delivery?

REALISE

The realise activities of the investment lifecycle align with industry practice of post project evaluation, or in the case of buildings, post occupancy review.

Ensure the review process includes the sustainability benefits identified in the business case and that they haven't been lost along the way.

Over time, agencies should be able to use the results of the reviews to set better sustainability aspirations and performance objectives for future projects.

Checklist:

What lessons can be applied on your next project to make it more sustainable and optimise investment?

This document was prepared for the Victorian Government by Major Projects Victoria and principal consultant AECOM.



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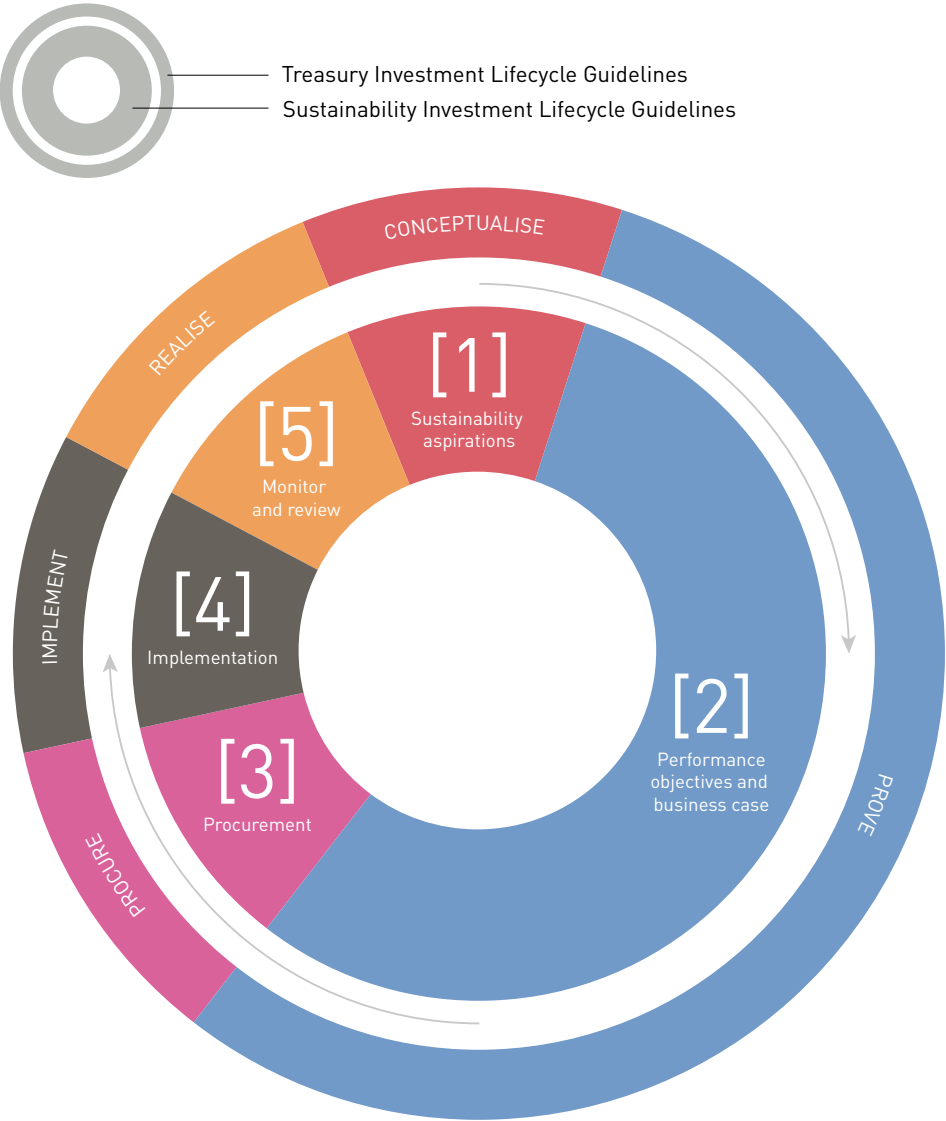
Sustainability is now a formal part of the state’s investment and business planning program. Guidelines have been developed which describe how sustainability should be considered within the Department of Treasury and Finance’s investment lifecycle.

The central message is one of using sustainability to deliver better projects – projects that deliver measurably improved benefits. The Guidelines create a shift away from the traditional focus on up front capital costs, to assume a cost benefit approach which critically examines the whole of life opportunities and risks.

It describes how to link the business case to improved sustainability outcomes by considering financial, social and environmental aspects together. The net outcome of the process should be a higher benefit/cost ratio for your project.

The Sustainability Investment Guidelines outline a 5 step process to realise improved sustainability outcomes as part of new capital development and major renewals.

Read the full Sustainability Investment Guidelines at www.majorprojects.vic.gov.au



The Sustainability Investment Guidelines:

- Link investment decisions to clearly identifiable benefits
- Encourage a whole of life investment approach
- Put sustainability on the agenda from concept stage – providing a set of prompts to help shape project aspirations
- Gradually build the robustness of sustainability aspirations towards clearly defined performance objectives, such that they form an explicit part of the business case and project investment decisions.

CONCEPTUALISE / PROVE

It can often be difficult to determine what ‘sustainability’ means for your project as each project presents a unique set of opportunities. It’s up to you to choose. Energy reduction? Materials resource efficiency? Health, well-being and productivity? The Sustainability Investment Guidelines present nine sustainability investment streams (categories) for your consideration.

The guide asks you to think about which ones represent an appropriate investment opportunity for your project over the next 30 years. And for those that are chosen, the task is to define a sustainability aspiration which is a high level description of what you are aiming for.



Checklist:

- Has your project adopted a sustainability aspiration?
- Is investment in these areas likely to achieve clear benefits for your project and the community?

PROVE

The prove stage is about turning your sustainability aspiration(s) into a set of performance objectives. Industry standard rating systems like Green Star, NABERS, the Infrastructure Sustainability standard, and for road projects VicRoads INVEST tool, are excellent references to help you.

To move from your sustainability aspiration to your performance objective you should:

- Understand what the regulatory minimum standard is
- Formulate a target or set of targets
- Capture the likely benefits – financial, quantifiable and qualitative
- Pass your performance objective through the feasibility/viability test:
 - is it technically feasible?
 - is it financially viable?

The guide encourages you to capture all your performance objectives (your targets and benefits) in the project business case. Some of the performance objectives will find expression in the project design, while others will remain as performance or design specifications.

The net outcome of the sustainability investment process should be a business case which has a better cost-benefit ratio due to the inclusion of sustainability approaches.



Checklist:

- Will pushing beyond the regulatory minimum give you a good return on investment? How hard should you push?
- What level of confidence do you have in the causal relationship between your investment and the potential benefits?
- Have your sustainability aspirations been translated into a series of clear performance objectives?
- Have you taken a whole of life approach?
- Are your performance objectives feasible and viable?
- Does your approach to sustainability result in a better benefit/cost outcome for your project and the community?