

## Department of Agriculture and Food Western Australia (2014)

### Investment decision framework

Engaged by GHD to support the Department of Agriculture and Food WA (DAFWA) to develop an appropriate investment decision framework (IDF), to assist investment decision making within the Livestock Industries (LI) Directorate. This project was undertaken as a pilot, with a view to eventually implementing the IDF across other Directorates within DAFWA.

The investment decision-making framework value matrix is an example of a rubric that was tailored to the needs and investment performance requirements of a particular funder and is comprised of two dimensions, each with two specific criteria:

#### Dimension #1: Fit-To-Purpose

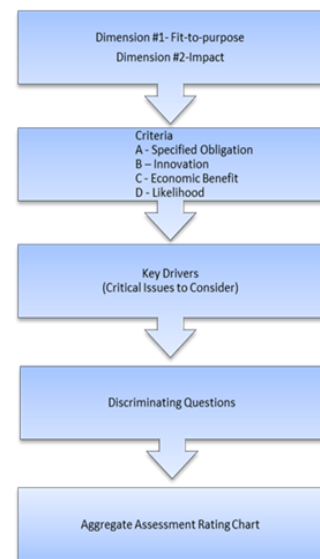
##### Criteria

- A - Specified Obligation (N.B. Negative filter – should government do this?)
- B – Innovation (N.B. Positive filter – degree of shift (potential to be transformative)).

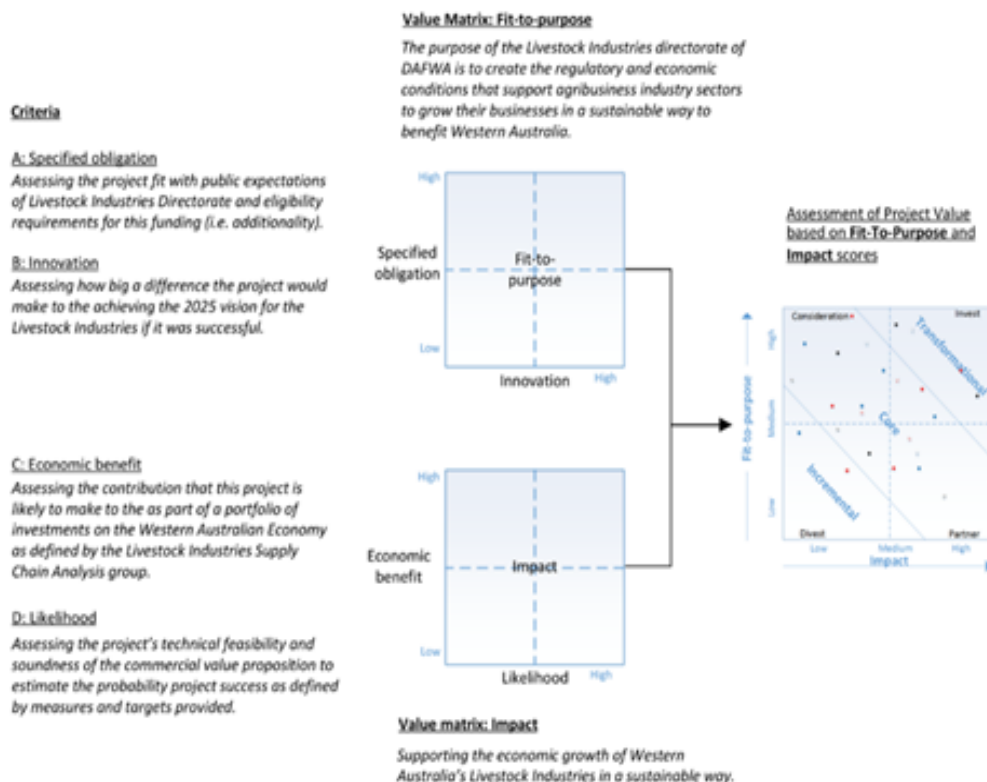
#### Dimension #2: Impact

##### Criteria

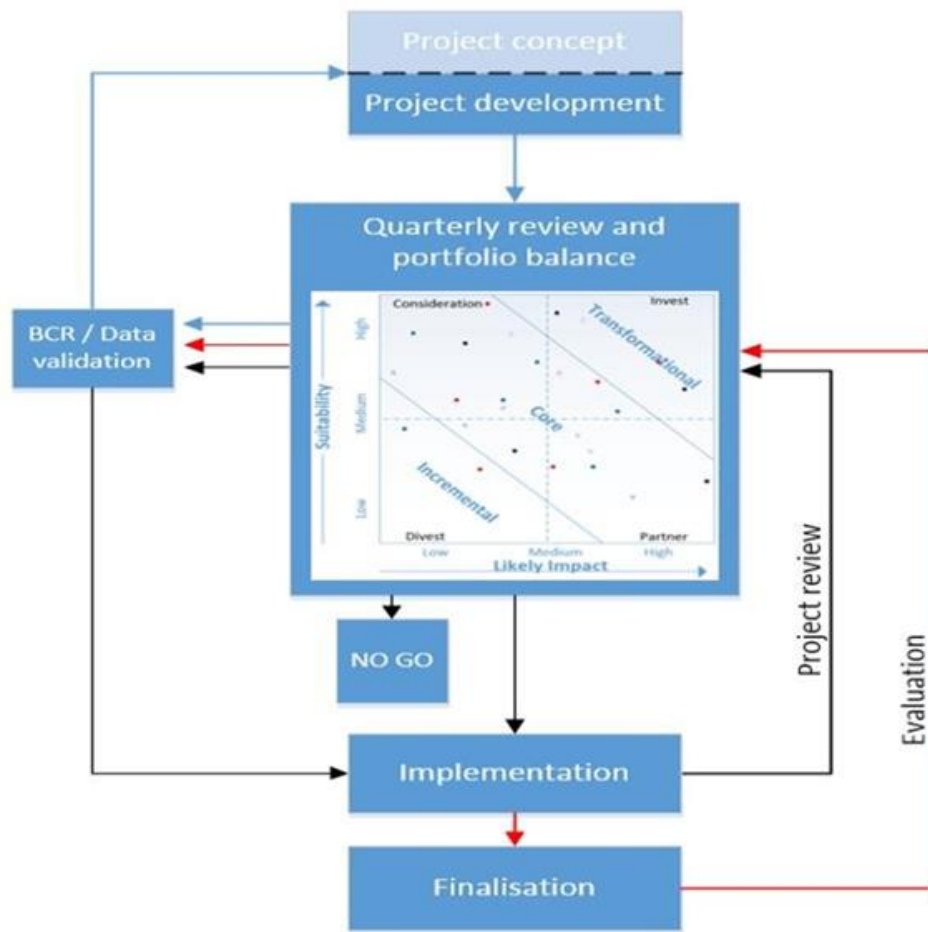
- C – Economic Benefit (N.B. Positive filter – degree of industry impact)
- D – Likelihood (N.B. Negative filter – degree of risk of failure).



Each of the criteria has key drivers that highlight the critical issues for consideration. Discriminating questions were designed to draw out the required information from the key drivers. Answering each of the discriminating questions provides the data for the aggregate rating chart. This facilitates transparency and robust thinking about costs and consequences of investment.



The aggregate rating for each project is used to position it on a matrix representing the dimensions of the investment portfolio mix for the organization (e.g. incremental: core business: transformational).



A summary of the key benefits of this investment decision-making framework are as follows;

- Better and more explicit definitions of assessment criteria and requirements
- Greater consistency in the way the assessment criteria are interpreted and how projects scored against them
- Greater transparency of information requirements and investment decision making processes for communication to project officers and potential co-investors
- Encouraging learning and insights gained from participating in the project assessment process and opportunity for peer assessment and reflection on the reasons for approval or otherwise in terms of features of the project and/or the quality of information provided
- Clearer pathways for continuous improvement in project development, design and evaluation leading for greater likelihood of future project proposals being accepted and approved for funding.