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.

Dimension #1-Fit-to-purpose
Dimension #2-Impact

Criteria
A - Specified Obligation
B - Innovation
C - Economic Benefit
D - Likelihood

Key Drivers
(Critical Issues to Consider)

Discriminating Questions

Aggregate Assessment Rating Chart

This facilitates transparency and robust thinking about costs and consequences of investment.

Criteria

A: Specified obligation

Assessing the project fit with public expectations of Livestock Industries Directorate and eligibility requirements for this funding (i.e. additionality).

B: Innovation

Assessing how big a difference the project would make to the achieving the 2025 vision for the Livestock industries if it was successful.

C: Economic benefit

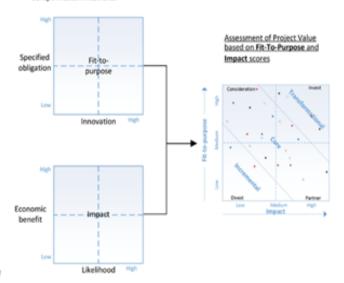
Assessing the contribution that this project is likely to make to the as part of a portfolio of investments on the Western Australian Economy as defined by the Livestock Industries Supply Chain Analysis group.

D: Likelihood

Assessing the project's technical feasibility and soundness of the commercial value proposition to estimate the probability project success as defined by measures and targets provided.

Value Matrix: Fit-to-purpose

The purpose of the Livestock Industries directorate of DAFWA is to create the regulatory and economic conditions that support agribusiness industry sectors to grow their businesses in a sustainable way to benefit Western Australia.

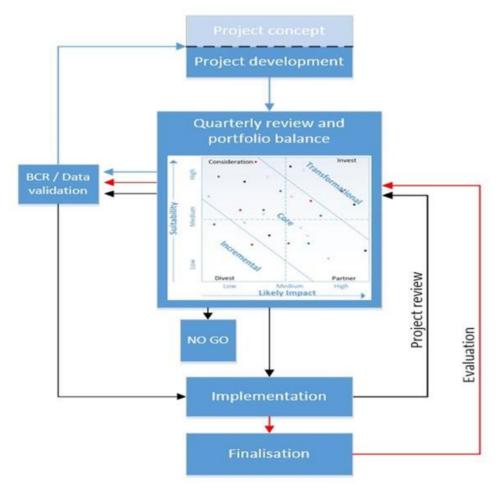


Value matrix: Impact

Supporting the economic growth of Western Australia's Livestock Industries in a sustainable way.



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.