



ESC Workshop - 30 June 2011

**Role of Capital Project Delivery
in meeting service expectations**

Overview:

Outcomes ↔ Service Standards Linkage

- ➔ Clear nexus
 - between outcomes / proposed works & expenditures to service standards or business objectives
- ➔ Demonstration of steps showing nexus
 - Drivers (service standards, objectives, targets, KPIs)
 - Strategy
 - Assessment of gaps / information basis
 - Prioritisation / decision framework / risk management
 - Options analysis & preferred option selection
 - Management & Implementation Plan
 - Expenditure Impacts / Value assessment
 - Review & Improvement

Delivery of Capital Projects - Life Cycle

- Justification on basis of outcomes achieved (readily assessable) related to service obligations
- Robust and realistic assessment of timelines
 - Planning through approvals, design, procurement, construction, commissioning, completion
- Historical performance
 - Benefits
 - Timing
 - Evidence of adoption & effects of improvement initiatives
- Delivery strategy

Project / Program Works Timing

- Clarity around objectives
 - Clear regulatory obligations
 - Discretionary / “Altruistic” endeavours (stronger justification)
- Why do now?
- How robust is assessment of need (e.g. demands)
- Risk Management & Prioritisation (what if don't do)
- Staging – don't stage just the “Rolls Royce” solution but consider other low cost options to deal with initial demands (matched to demands)

Options Definition & Selection

- Need more than a comparison of “Do nothing” with “do something”
 - i.e. a sensible suite of options
 - Robust testing of alternatives
- “High technology” solutions need to be well justified
- Tests against other means to achieve same outcomes (e.g. non-infrastructure based options)
- Costs and benefits tested against benchmarks
- Costings – risk based

Innovation

- Risk assessment of Project Costs
 - Often this is not well done
 - Optimistic view of project costs (e.g. “P30”)
 - Optimistic view of benefits
 - Distorted project justification
 - Scenario & Sensitivity analysis (they are different)
- Review design standards and delivery (e.g. bedding material, welding techniques on Sugarloaf pipeline).
- Evidence that previous project / works program learnings are captured and applied
- Processes - continual challenge, less “conservatism”