

Case Study: Enhancing the South Australia Government's Investment Performance

Background

The Government of South Australia (SA) takes a whole of government approach to investing and implementing investments. In 2004, SA Government released a Strategic Plan for South Australia (SASP) that directs investment over the next 10 years, and delineates 6 objectives and 79 targets. After a 2006 review, the plan's targets increased to 98.

From the SASP, the government created a Strategic Infrastructure Plan for South Australia (SIPSA). The plan sets out the state's infrastructure priorities for the next 5 and 10 years. It also identifies the need for major changes in the government's approach to the provision of infrastructure in South Australia. The infrastructure plan covers all major areas of infrastructure.

South Australia's Strategic Plan calls for the identification of investment priorities over 5- and 10-year periods to focus both government and business investment. Accordingly, in September 2005, all State Government agencies received direction on necessary action to ensure successful implementation of the plan. This direction subjects all State Government projects covered by the infrastructure plan to a five-step approval and implementation process.

Every SA Government agency must also comply with the SA Department of Treasury and Finance's (SA Treasury) "Guidelines for the Evaluation of Public Sector Initiatives." SA Treasury guidelines form part of Treasurer's Instruction number 17 on the formation of proposals for initiatives requiring Cabinet approval. The SA Treasury guidelines also utilise a five-phase process, which aligns with the infrastructure plan's five-step process for developing and delivering projects.

Challenge

Every SA Government agency must comply with the SA Treasury guidelines and the five-step process for all major public sector projects. Importantly, the development of outline and full business cases is a fundamental element of this five-stage process.

Moreover, each SA Government agency has only has a finite amount of resources and, thus, must allocate them in the most efficient way possible. The most efficient way for most government agencies is the way that maximises organisational value and service outcomes. Services encompass direct, personal services and building public infrastructure such that the service becomes making facilities available for public use. Any project must provide an increased service delivery capability relative to that provided with no intervention.

In addition to the five-stage process, SA Government proposals must address a triple bottom line assessment that examines the social, economic, and environmental

impacts of a proposal. *'Economic, social and environmental' (ESE) evaluation*: The Department of Treasury and Finance guidelines note the following features of ESE assessment:¹

- It is concerned with costs and benefits that accrue to the whole State/community. It has the broadest focus, in contrast to the narrower financial and budget evaluations that are concerned only with the money accounting impacts on private and public sector organisations.
- It is concerned with all impacts of a proposal.
- Where possible, it provides for a win-win outcome across all three measures.

Consequently, SA Government needed to grow the capability maturity of all its agencies to ensure all submitted proposals' full compliance with the foregoing SA Treasury guidelines and the five-stage approval process for major public sector projects. This would enhance the ability of all SA agencies to make only those investments that generate tangible organisational value and provide real service delivery improvements to the public.

Solution

In 2006, an inter-agency SA Government group tendered for business-case maturity services. After winning this tender, **mbh** was tasked with growing whole of government maturity in business case writing to ensure the successful adoption of the five-stage project evaluation process. To accomplish this goal, **mbh** developed a tailored, three-day creating a business case course. In addition, all attendees are offered mentoring services for 12 months post attendance. The course was constructed in less than two months with the first pilot course conducted in June 2006.

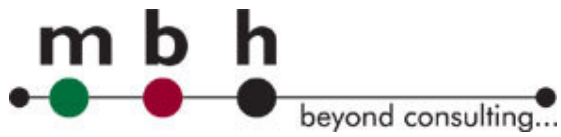
In addition to this service, **mbh** provides advice on amendments to supporting methodology and tools for business cases, including the whole of government business case checklist, the Department of Health business case template and guide, as well as direct input into many government agency cases. The company also continues to mentor many of these participants when they apply their new learning in the workplace.

Results

The success of this course is demonstrated by the fact that it is still being conducted 6 times a year, more than 500 attendees have attended, and it has been tailored and targeted to three government agencies: the office of the chief information officer; the Department of Health; and the Department of Treasury and Finance. This tailored training, mentoring and support for Treasury and Finance is crucial to the successful implementation of the five stage process, as this department is the key gatekeeper of the process.

In 2009, the Murray Darling Basin Authority noted that a business case submitted by SA's Department of Water, Land and Biodiversity Conservation (DWLBC) for a salt

¹ Guidelines for Evaluation of Public Sector Initiatives (Treasurer's Instruction No. 17)



interception scheme at Pike was one of the best-constructed business cases the authority had seen in the last 5 years. A DWLBC employee attributed this positive feedback to **mbh**'s training and mentoring in business case writing. Another DWLBC who attended the course said, *"Your presentation was straightforward, mercifully jargon free and will be enormously helpful with several of my projects."*