

Project Investment Delivery

Management Standard

CONTROLLED DOCUMENT

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1.1	24/03/2021	Updated to reflect ELT approval and endorsement for EPMD to be an authorising body for submissions to IRC	C Mitchell	C Mitchell	S Vardy
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NEXT REVIEW	19/02/2024
Djuna Pollard	
Chief Executive Officer Power and Water Corporation	

APPROVED

THIS MANAGEMENT STANDARD IS UNCONTROLLED WHEN PRINTED



We put
**PEOPLE
FIRST**



We value our
customers and
give them
OUR BEST



We have
pride in
ourselves and
OUR WORK



We work
better by
working
TOGETHER

Power and Water's values in action.

Essential. Every day.

CONTENTS

1	Purpose	3
2	Scope	3
3	Management Standard	3
3.1	Overview of the Project Investment and Delivery Framework	3
3.2	Project Investment Planning and Delivery Procedures	4
3.3	Project classification	5
3.4	Project gateways, endorsements and approvals.....	6
3.5	Project governance and reporting	8
3.6	Overarching governance roles and responsibilities.....	8
4	Definitions	10
5	Change management and continuous improvement	10
5.1	Consultation, approval and communication.....	10
5.2	Review.....	11
5.3	Internal references and related documents	11
5.4	Records management	11
5.5	Improvement suggestions	11
5.6	Document history	11
6	Appendices	12
6.1	Appendix A: Summary of investment gateways, endorsements and approvals	12

1 Purpose

This Management Standard supports the Security, Reliability and Quality Policy Statement.

The purpose of this Management Standard is to describe Power and Water Corporation's (Power and Water) framework for managing project investment through its lifecycle, to ensure that investment decision-making and outcomes are prudent and efficient.

2 Scope

Power and Water's investment expenditure can be managed at one of three levels: projects, programs and portfolios¹. The requirements outlined in this Management Standard and associated Procedures apply at whatever level the investment is being managed, whether that is project, program or portfolio level. Therefore, while this Management Standard typically refers to 'projects', the same requirements apply if the investment is being managed at program or portfolio level.

This Management Standard applies to:

- Project investment across all Power and Water business units. In this context, 'investment' refers to proposed or actual expenditure to meet an identified need or objective;
- All project investment (capital or operating), including capital investment projects, non-capital investment projects and ICT projects. Operating expenditure undertaken as part of business as usual activities is not in scope, but project-related operating expenditure is within scope²; and
- The entirety of the Project Investment Delivery Lifecycle, from the identification of an investment requirement, through to successfully delivering an investment solution and analysing whether it met its intended objective.

All staff has a responsibility to understand and implement this Management Standard and related procedures.

3 Management Standard

3.1 Overview of the Project Investment and Delivery Framework

The Project Investment Delivery Framework (PIDF) is the term used to describe the policy statements, Management Standard, Procedures and supporting documentation that support prudent and efficient project investment planning and delivery by Power and Water, across the Project Investment and Delivery Lifecycle.

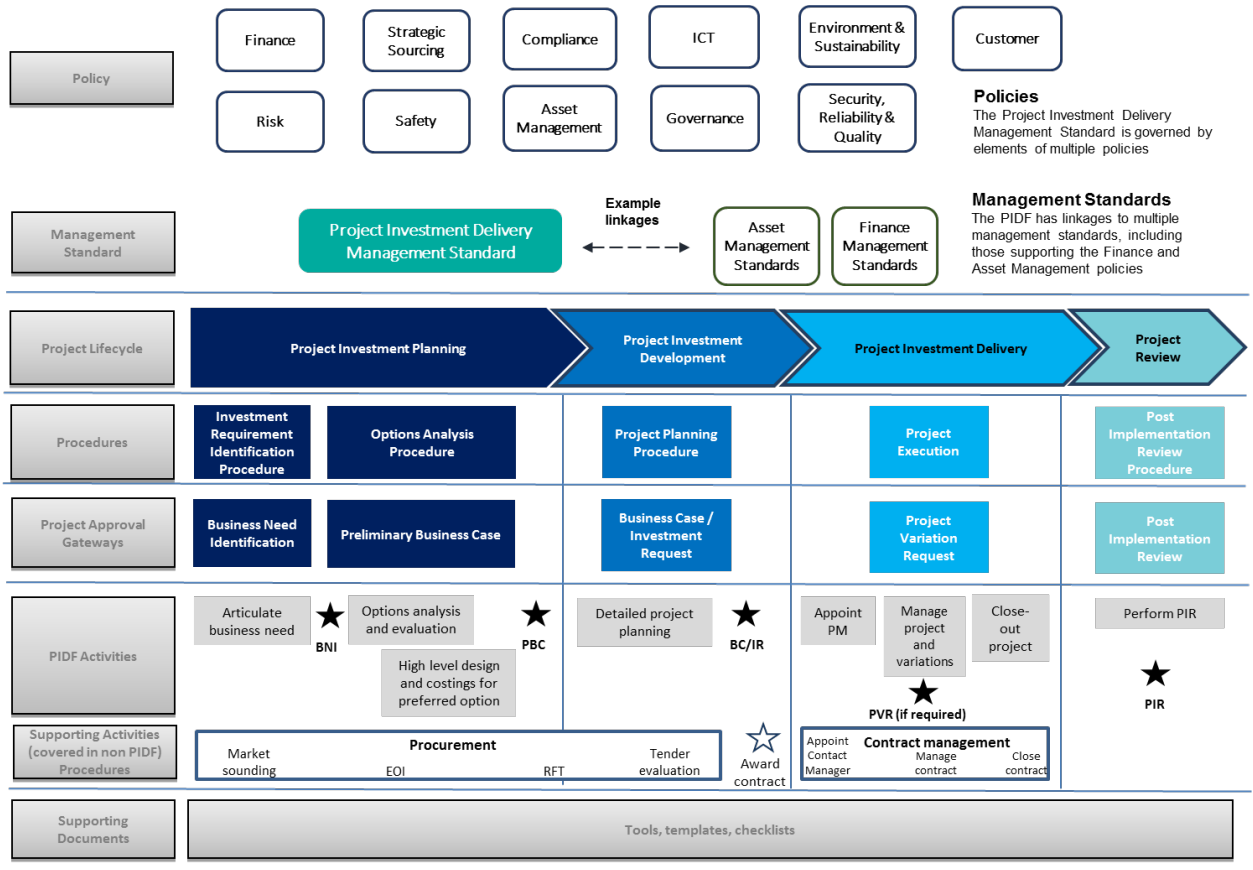
This Management Standard forms part of the PIDF and supports the commitment contained in our Finance Policy Statement of effective financial management to ensure that our resources are directed, managed and controlled in a way that achieves our strategic objectives, maximises financial value, and delivers electricity, water, gas and sewerage services in a safe, reliable, efficient and cost effective way.

Figure 1. provides an overview of the PIDF document hierarchy, and the linkages between policy statement, management standards, and supporting procedures and documentation, as part of Power and Water's overarching Management Governance and Assurance Framework (MGAF).

¹ Full definitions can be found in section 4.

² The key difference between project-related versus business as usual operating expenditure is that project-related operating expenditure is incurred on a series of coordinated and controlled activities with start and end dates, performed to achieve defined objectives. Operating expenditure related to developing a culture and leadership framework is an example of project-related operating expenditure. Purchasing fuel for the vehicle fleet is an example of business as usual operating expenditure. Please contact the EPMO if you require further assistance with regards to clarification.

FIGURE 1: PIDF DOCUMENT HIERARCHY



3.2 Project Investment Planning and Delivery Procedures

There are five PIDF Procedures aligned with this Management Standard. The Procedures explain how to identify, select, plan, implement and review prudent and efficient project investments.

A project’s classification determines which of the Procedures must be followed to progress a project through the Project Investment and Delivery Lifecycle. Section 3.3 describes the project classification process.

Links to each of the Procedures, and to the supporting documentation and tools, can be found on the intranet. A summary appears in the table below.

TABLE 1: PIDF PROCEDURES

Procedure	Description
Investment Requirement Identification Procedure	The Investment Requirement Identification Procedure describes how to demonstrate and document the need to invest. This includes clearly and succinctly describing the need or objective to be addressed, explaining how addressing the need or objective is congruent with, and will contribute to, Power and Water’s strategic business objectives, and defining the outcomes sought from the investment.
Options Analysis Procedure	The Options Analysis Procedure describes how to identify a range of potential solutions to address the identified investment need and how to evaluate the options identified.
Project Planning Procedure	The Project Planning Procedure outlines the progression of a project from selection of the most prudent and efficient option to detailed technical and managerial planning.
Project Execution Procedure	The Project Execution Procedure describes how projects are operationalised and monitored. It outlines how project performance is tracked and benchmarked against cost, design and time criteria, established in the earlier phases.

Procedure	Description
Post Implementation Review Procedure	The Post Implementation Review Procedure describes the process of examining whether the expected benefits of the project investment have been realised and what lessons can be learned. It provides an overview of the activities required to assess the delivered value of an investment project, and outlines the criteria to be used in assessing the performance of an investment.

3.3 Project classification

The size, risk and complexity of a project is considered when determining the level of documentation and oversight required, to ensure governance mechanisms and the effort applied is commensurate with the value and risk it represents to Power and Water. In particular, project classification is key to determining:

- The mandatory gateways through which a project must pass before it can proceed; and
- The bodies responsible for endorsement and approval.

Projects are classified as either Category A, B, C or D. Figure 2 describes the classification of projects according to risk, complexity and investment value.

Table 2 provides guidance to answer each of the four questions required to classify a project.

FIGURE 2: PROJECT CLASSIFICATION

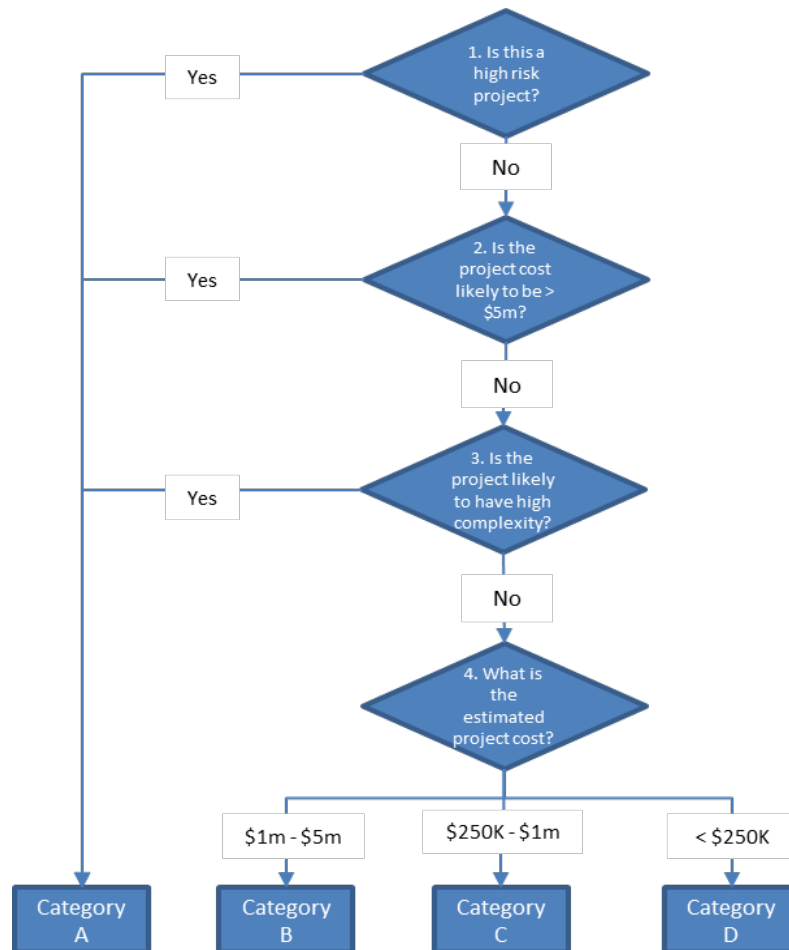


TABLE 2: PROJECT CLASSIFICATION QUESTIONS

Question	Issues to consider
1. Is the project high risk?	<p>Projects are considered high risk if:</p> <ul style="list-style-type: none"> ▪ They relate to new or upgraded technology that represents a significant change to Power and Water’s current systems architecture or operations; ▪ There are significant uncertainties associated with the project such as unknown regulatory or legislative positions; or

Question	Issues to consider
	<ul style="list-style-type: none"> There are a large number of diverse stakeholders.
2. Is the project cost likely to be > \$5m	Based on Power and Water’s experience, or high level engagement with external parties, is it likely the project’s total cost could exceed \$5m? Detailed costings are not required to answer this question.
3. Is the project likely to have high complexity	<p>Projects are considered to have high complexity if:</p> <ul style="list-style-type: none"> The options or design to deliver the project are not well understood; or Integrating the project’s output (whether it is a new or upgraded system or new processes) into Power and Water is expected to be complex.
4. What is the estimated project cost	As per question 2, based on Power and Water’s experience, or high level engagement with external consultants, which band is it likely the project’s total cost will fall into? Detailed costings are not required to answer this question.

3.4 Project gateways, endorsements and approvals

As mentioned above, project classification determines:

- The mandatory gateways through which a project must pass before it can proceed; and
- The bodies responsible for endorsement and approval at each gateway.

Appendix A provides a summary table outlining the gateways and endorsement and approval requirements as they apply to each project classification.

A Gateways

The use of gateways is the central mechanism by which Power and Water ensures that each project is prudent, and that the resulting projects are planned, and delivered efficiently. There are five possible gateways across the Project Investment and Delivery Lifecycle that are linked to the five Procedures that sit under this Management Standard.

Which gateways apply to a project depends on the project’s classification.

A project cannot proceed to the next gateway until the required endorsements and approvals have been received for the current gateway applicable to a project.

A summary of the applicable gateways for each project classification appears in Figure 3.

FIGURE 3: SUMMARY OF PROJECT GATEWAYS, ENDORSEMENTS AND APPROVALS BY PROJECT CLASSIFICATION

	Category A	Category B	Category C	Category D	
Gateway documents	Business Needs Identification	Required	Required	Not required	Not required
	Preliminary Business Case	Required	Not required	Not required	Not required
	Business Case / Investment Request	Required (BC)	Required (BC)	Required (BC)	Required (IR)
	Project Variation Request	Required*	Required *	Required *	Required *
	Post Implementation Review	Required	Required	Required	Not required

*Project Variation Request – During the Project Investment Delivery phase there may be instances where the project scope, timing or budget needs to be changed or varied by Power and Water. In some cases, the change or variation will need to be supported by a formal Project Variation Request (PVR). Please refer to the Project Execution Procedure for further information of when a PVR is required.

Templates for each investment gateway must be used, and can be accessed from Power and Water’s intranet.

B Project endorsement and approval bodies

The Business Needs Identification gateway, which is relevant for Category A and B projects, needs to be endorsed by the Project sponsor and approved by the IRC before it can proceed.

For the Preliminary Business Case, Business Case and Project Variation Request gateways, the body responsible for endorsement and approval at these gateways depends on the project classification. The key bodies are (commencing with the highest level decision making body):

- Treasurer;
- PWC Board and if applicable, IES Board (Regions and Remote Operations specific);
- Investment Review Committee (IRC);
- Enterprise Portfolio Management Office (EPMO)
- Information Communication and Technology Architecture Committee (ICTAC); and
- Power and Water management.

The following table summarises the body that is responsible for endorsement or approval based on the project’s classification at Preliminary Business Case, Business Case and Project Variation Request gateways. Endorsements (where required) must be sought from the appropriate body prior to seeking approval from the higher decision making body.

TABLE 3: SUMMARY OF ENDORSEMENT AND APPROVAL BODIES

Endorsement / Approval body	Project classification			
	A	B	C	D
Treasurer	Approve (capital project > \$5m) Noting (capital project <\$2.5 – 5m) Noting (non-capital projects >\$1m)	Noting	n/a	n/a
Power and Water Corporation Board*	Approve (all but capital projects >\$5m) Endorse (capital projects > \$5m)	Noting	n/a	n/a
IRC	Endorse	Approve	n/a	n/a
ICTAC**	Endorse (for ICT project)	Endorse (for ICT project)	Endorse (for ICT project)	Approval based on financial delegation
Management	Endorse (Project Sponsor)	Endorse (Project Sponsor)	Approval based on financial delegation ³	Approval based on financial delegation

*IES Board have no delegated authority to approve RRO projects, the IES Board can only endorse RRO projects. Final approval body remains with Power and Water Corporation’s Board as per delegation.

**ICTAC – Projects that have an ICT or Data implication will undergo an endorsement process by ICTAC.

Project sponsors have approval rights at the Post Implementation Review gateway.

A summary of the responsible bodies for approvals at all gateways are shown in appendix A.

³ For information regarding delegated financial authorities at Power and Water, see the Delegation of Authority Document (CONTROL0240)

3.5 Project governance and reporting

The size, risk and complexity of a project determines the level of governance and monitoring required. Projects with complex stakeholder issues and/or complex risk issues to manage should be governed by a Project or Program Steering Committee (PrSC and PgSC respectively). Examples of characteristics of a project warranting consideration of a Project or Program Steering Committee include:

- Project of a cross-functional nature (i.e. affects multiple business units);
- Utilisation of a new (including new to organisation) or complex technologies;
- Significant external scrutiny; or
- Complex stakeholder interface.

A fit for purpose reporting regime must be developed for each project that is commensurate with the risk and complexity of the project. An adequate reporting regime should enable the project team (and management) to identify issues at the earliest point to enable appropriate intervention. To this end, it is critical that project reporting is based on key performance indicators and underpinned by accurate data and forecast information. Standardised reporting templates are available on the intranet.

Additional guidance on project governance and reporting can be found in the Project Execution Procedure.

3.6 Overarching governance roles and responsibilities

There are five other bodies that play a role in project investment and delivery:

- Enterprise Project Management Office (EPMO);
- Enterprise Portfolio Steering Committee (EPfSC);
- Portfolio Steering Committee (PfSC); and
- Program Steering Committee (PgSC).
- Project Steering Committee (PrSC).

In particular, these bodies play an important oversight and reporting role because they provide a consolidated ‘whole of business’ or business unit perspective on project investment and delivery. This differs from the individual project reporting outlined in section 0.

A summary of their roles in project investment and delivery is provided in Table 4 below.

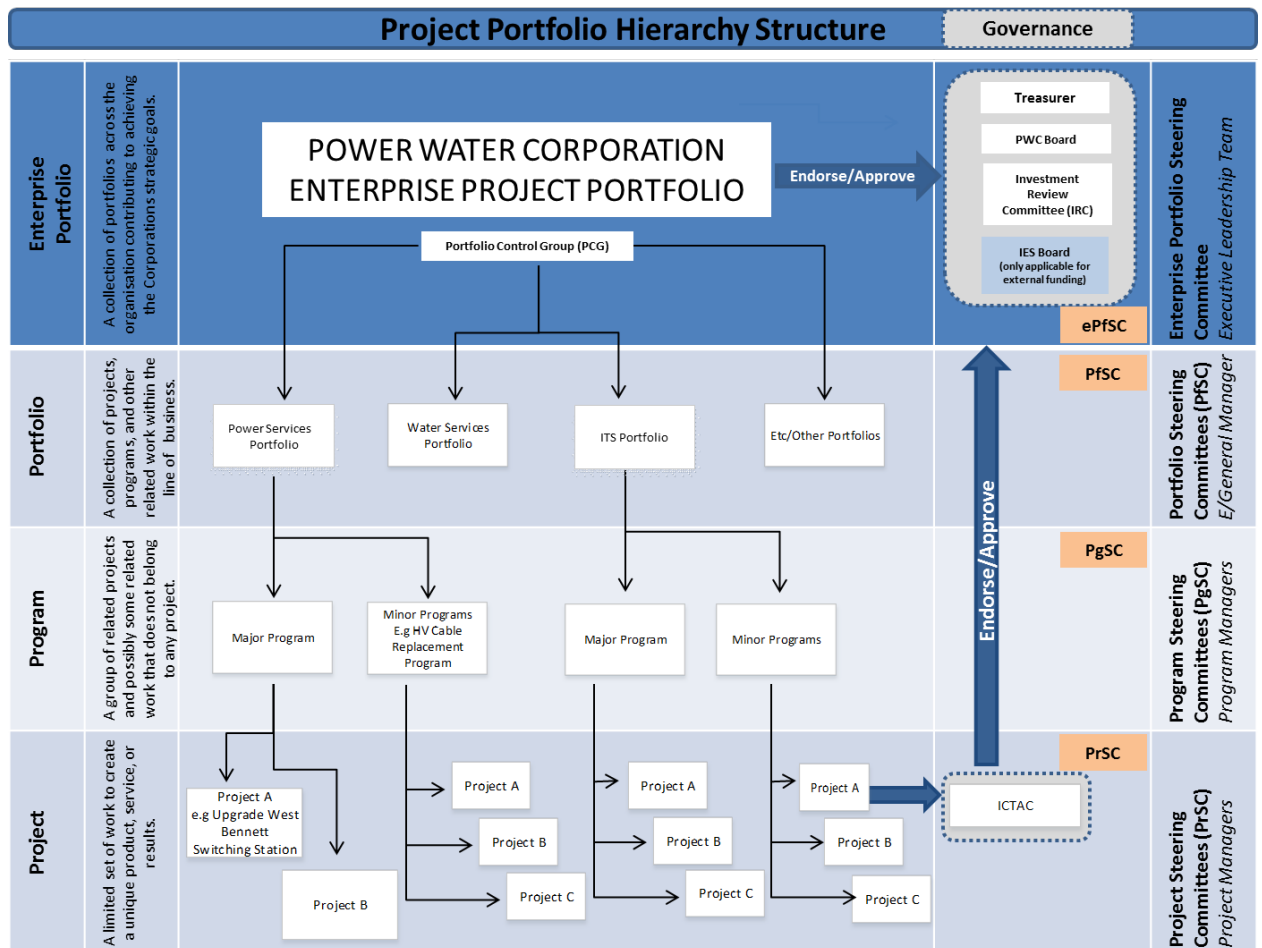
TABLE 4: OVERARCHING GOVERNANCE ROLES AND RESPONSIBILITIES

Role	Responsibility
EPMO	<p>The EPMO provides a consistent approach that aligns to the project governance framework to initiating, delivering, reporting and reviewing projects by:</p> <ul style="list-style-type: none"> ▪ Supporting the business in the project and program approval process; ▪ EPMO is an authorising body for submissions to the IRC ▪ Providing advice regarding the project investment process and requirements; ▪ Analysing and reporting on the status and performance of Power and Water’s portfolio of projects; ▪ Contributing to a project management capability uplift across Power and Water; and ▪ Administering IRC processes. <p>The EPMO provides Project Sponsors with monthly Program Steering Committee reporting packs relevant to their Business Unit. These reporting packs contain details of the performance of their individual projects and programs. This enables the Project Sponsor to better manage the project investments for which they are accountable.</p> <p>A high level overview (dashboard) of Power and Water’s Project Portfolio performance and a summary of individual priority project performances is also provided to the Board.</p>
Enterprise Portfolio Steering Committee	<p>An executive level committee that assesses the status and performance of Power and Water’s portfolio of work and provides related advice and recommendations to the Chief Executive. Responsibilities include:</p>

Role	Responsibility
(EPfSC)	<ul style="list-style-type: none"> Assessing project/program performance focusing on exceptions relating to scope, budget, schedule, risk, safety and issues; Making recommendations concerning critical path activities, resource and risk dependencies; Reviewing and assessing periodic re-forecasts and impacts relating to delivery of the SCI and business plans; and Planning on hold or stopping any projects, if required.
Portfolio Steering Committee (PfSC)	Executive level management group that oversees the portfolio of Projects and Programs occurring within their business unit. This includes business unit portfolio forecasting and portfolio management.
Program Steering Committee (PgSC)	Divisional level management group that oversees all related Projects within a Program occurring within their business unit or across multiple business units. This body reports into a Portfolio Steering Committee (PfSC).
Project Steering Committee	Management level group that oversees the status and performance of the project that is essential to ensuring the delivery of the project specific outputs and the obtainment of project outcomes.

Figure 4 shows how the EPMO, EPfSC, PfSC, PgSC and PrSC operate as part of the overall Project Investment Delivery Framework.

FIGURE 4: OVERARCHING GOVERNANCE STRUCTURE (FOR ILLUSTRATIVE PURPOSE ONLY)



4 Definitions

Where terms or words are not included in the definitions section, refer to our glossary for clarification. The glossary is available in our process improvement and event information management system Promapp.

Term	Definition
Information Communication and Technology Architecture Committee (ICTAC)	A group responsible for endorsing ICT-related projects before they are submitted to further approvals bodies.
Investment Review Committee (IRC)	An executive level committee that provides advice and recommendations to the Chief Executive (CE) on projects that meet certain criteria (outlined below) for approval at each of the governance gateways
Project Investment and Delivery Framework (PIDF)	The PIDF is the overarching framework that describes the hierarchy and relationship of documentation that supports prudent and efficient project investment.
Project Investment and Delivery Lifecycle	The four sequential phases that provide the structure and governance for progressing project investments
Project	A project is a unique set of processes consisting of coordinated and controlled activities with start and end dates, performed to achieve defined objectives.
Project Sponsor	The Project Sponsor is primarily concerned with ensuring that the project delivers the agreed business benefits. The Project Sponsor is responsible for the project funding allocation as part of the planned project budget and has ultimate responsibility and single point of accountability for the project including time, cost and quality metrics and is the authorised delegate responsible for overseeing the project and endorsing any variations.
Program	Programs are a group of projects (that meet the criteria above) that all contribute to achieving a shared outcome. Programs are usually made up of smaller projects.
Portfolio	A portfolio is a collection of projects or programs and other work that are grouped together to facilitate effective management of that work to meet strategic business objectives. The projects or programs of the portfolio may not necessarily be interdependent or directly related.
Statement of Corporate Intent (SCI)	A statement outlining the nature and scope of Power and Water's business activities, objectives and strategies, risk management, capital investment plans and performance targets for a rolling four year period.

5 Change management and continuous improvement

5.1 Consultation, approval and communication

This Management Standard must be endorsed by the Executive Leadership Team and approved by the Chief Executive.

Role / title	Requirement
Senior Executive Enterprise Project Management Office EPMO	Responsible Manager – responsible for supporting initial endorsement of all proposed versions, implementing this document and ensuring associated compliance and currency is maintained.
Chief Financial Officer	Accountable Manager - responsible for initial endorsement of all proposed versions and accountable for ensuring associated compliance and currency is maintained.
Executive Leadership Team	Accountable – responsible for endorsing all proposed versions.
Chief Executive	Accountable - responsible for approving all proposed versions.

Role / title	Requirement
Key Stakeholder / Committee	Consult - endorse this document.
Special Interest Group	Communicate – inform of any changes.

5.2 Review

The requirements of this Management Standard are mandatory and shall be reviewed and updated periodically for its ongoing effectiveness. This Management Standard will be reviewed, at a minimum, every three years or in the event of any significant change in our vision, values, long term goals, risk appetite, policy statement business model or organisational structure, or related systems or processes.

5.3 Internal references and related documents

Document title	Record Number
Delegation of Authority	CONTROL0240
Investment Requirement Identification Procedure	CONTROL0382
Options Analysis Procedure	CONTROL0394
Project Planning Procedure	CONTROL0397
Project Execution Procedure	CONTROL0396
Post Implementation Review Procedure	CONTROL0395

5.4 Records management

This Management Standard and all related documents, are captured, stored and managed in our Electronic Document and Records Management System and controlled in the Controlled Document Register.

5.5 Improvement suggestions

Improvement suggestions are captured and managed in our process improvement and event information management system ProMapp. To log an improvement suggestion for this document please see the 'how to report an event' user guide located on our intranet - Safety > Events > [Event Support and Training](#) or contact events@powerwater.com.au.

5.6 Document history

Date of issue	Version	Prepared by	Description of changes
1/05/2018	0.1	B Fox	Initial Draft
21/05/2018	0.2	K Giles	Reviewed content and prepared for endorsement and approval
11/07/2018	0.3	Z Dales	Submission to Operational ELT for approval
25/07/2018	1.0	K Giles	Published Management Standard after ELT approval on 25/07/2018.
30/03/2021	1.1	C Mitchell	Updated to reflect approval & endorsement at 19 Feb 2021 ELT meeting for EPMD to be an authorising body for submissions to IRC
06/04/2021	2.0	Document Control	Published approved controlled document.

6 Appendices

6.1 Appendix A: Summary of investment gateways, endorsements and approvals

Gateway	Purpose	Project Investment and Delivery Lifecycle Stage	Investment Classification	Relevant procedure	Typical Elements	Target Cost Accuracy	Endorser / Approvers
Business Need Identification (BNI)	To demonstrate the investment need and supporting logic	Project Investment Planning Phase	All Category A and B projects	Investment Requirement Identification Procedure	<ul style="list-style-type: none"> Risk rating Clear investment logic, aligned to strategic and/or operational objectives Quantitative measures of success Investment drivers Optimisation considerations 	+/-35%	Senior Manager EPMO & Project sponsor (endorse) IRC (approval)
Preliminary Business Case (PBC)	To demonstrate the robust development, analysis and selection of options. The market should not be tested until after the PBC gateway has been approved.	Project Investment Phase	All Category A projects	Options Analysis Procedure	<ul style="list-style-type: none"> Suite of options Full options analysis Project risk register Scope and requirements definition for preferred option 	+/-20%	Senior Manager EPMO & See Table 4
Business Case (BC) (or Investment Request for Category D projects)	To demonstrate sufficient project development prior to seeking approval to proceed. The market can be tested during the process of developing a Business Case, but a contract cannot be awarded until after the BC gateway has been approved.	Project Development Phase	All Category A, B and C projects. Notes: <ul style="list-style-type: none"> Projects classified as Category C have a simplified Business Case Template. 	Project Planning Procedure	<ul style="list-style-type: none"> Updated options analysis from (PBC) or options analysis if PBC not required Complete Project Management Plans Procurement/Delivery Strategy Detailed cost estimate including contingency Detailed schedule Design complete 	+/-10%	Senior Manager EPMO for business case only & See Table 4

Gateway	Purpose	Project Investment and Delivery Lifecycle Stage	Investment Classification	Relevant procedure	Typical Elements	Target Cost Accuracy	Endorser / Approvers
			<ul style="list-style-type: none"> Projects classified as Category D do not need a formal Business Case, but will need to complete an Investment Request. 				
Project Variation Request (PVR)	To govern any proposed variation to scope or expenditure over that approved including putting the project/program on hold or reactivating a project/program	Project Delivery Phase	All Category A, B, C and D projects	Project Execution Procedure	<ul style="list-style-type: none"> Quantification and reasons for cost over-run Impacts on project scope, timing and benefits 	n/a	Senior Manager EPMO & See Table 4
Post Implementation Review (PIR)	Examines whether benefits have been delivered through the investment to inform continual improvement	Project Review Phase	All Category A, B and C projects	Post Implementation Review Procedure	<ul style="list-style-type: none"> Examine delivery of benefits Project performance summary Improvement recommendations Learnt Lessons Register 	n/a	Senior Manager EPMO & Project Sponsor