

## ACHIEVING VALUE FOR MONEY

Currently in Australia there is an extremely high focus on Value for Money (VfM), particularly as Alliance delivery matures on public projects delivered in Australia.

Although there are many guidelines and anecdotes from a multitude of private and overseas projects, there still seems to be a long way to go in achieving effective and efficient demonstration and delivery of VfM.

In recent DTF<sup>1, 2 & 3</sup> and Partnerships Victoria<sup>4 & 5</sup> reports, it appears that there is a major gap in the initiation of projects, including:

- Government has not adequately defined the Value Proposition and VfM criteria at Business Case, so projects have no clear specific project objectives or real means of measure VfM for that specific project;
- There is little incentive of drivers to achieve innovation and efficiency throughout projects;
- Although high performance teams are allocated to the projects, there is no evidence of 'game-breaking' or 'high' performance; and
- The cost of fast tracking aspects of the project need to be clear identified to ensure the premium is understood and the need matches the project objectives.

Whilst many tenders we have been involved in have focused on trying to get the right language terminology, and effectively ensuring that they can "talk the talk", we believe that more initiatives could be clearly identified and detailed to prove how the above gaps could be overcome and prove oneself as the next generation of project delivery.

Benchmark projects could provide the solid review and data of the current framework to delivering the projects and the ability to achieve exceptional performance and demonstrate VfM. The real evidence through benchmarking can then be used to modify the framework for measuring success in achieving VfM.

Use Exner team of experts could assess appropriate benchmarks for design development / management, financial management, programme management, quality outputs, achieving project objectives, achieving value add and demonstrating VfM, to be used as the solid bases for future projects and leaders in this field.

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<sup>1</sup> DTF 2006, *Project Alliancing, Practitioners' Guide*, DTF (Vic) April 2006.

<sup>2</sup> DTF 2009, *In Pursuit of Additional Value – Benchmarking Study into Alliancing*, DTF and Evans and Peck, October 2009.

<sup>3</sup> DTF (WA) and DTF (VIC) 2009, *Exposure Draft Guidance Note No.3- Key Risk Areas and Trade Offs*, DTF (WA & VIC), November 2009.

<sup>4</sup> National PPP Forum – Benchmarking Study Phase II, *Report on the performance of PPP projects in Australia when compared with a representative sample of traditionally procured infrastructure projects*, The University of Melbourne, December 2008.

<sup>5</sup> Partnership Victoria 2009, *Partnerships Victoria Requirements*, Melbourne February 2009.



*VfM Process, Exner Engineering 2009*

Exner also believe that Added Value and Innovation can be achieved by:

- Providing an skilled, experienced and available team in a lean team structure
- Early agreement of project objectives, targets and benchmarks
- Strong commercial negotiation assistance of the Design and Construction Contract to secure the optimal organisation for this role
- Early engagement and submissions to development, authority and utility service providers, to ensure no impact during project implementation
- Providing a strong support team to challenge the Project Team where required
- Reviewing Client’s budget and develop the finance and cost management strategy, including processes to capture and measure savings/added value
- Vigorous testing and assessing of project activities to ensure life cycle sustainability maximised.
- Innovative thinking, de-risking of project components and elimination of unnecessary duplication
- Implement effective project communication and reporting processes to ensure project progresses with timely resolution of issues and all parties kept apprised of progress and expected outcomes
- Promote and maintain a safe working environment and demonstration of compliance with OHS Acts, Regulations and standards Client’s OHS Policy.
- Driving quality compliance, consistency and outputs and defect minimisation
- Reporting appropriate information to meet a Client’s legal and organisational requirements.

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