

# EXTRACTING VALUE FROM CONTRACTS IN HEALTHCARE INFRASTRUCTURE PROJECTS INSIGHTS FROM **QUEENSLAND HEALTH**

While the past decade has seen a massive boom in investment in healthcare infrastructure across Australia, managing contractor relationships and delivering healthcare development projects within budget still remains a challenge.

Effectively managing contractor relationships, procurement decisions and practices can make or break a healthcare infrastructure project when it comes to cost, standardisation and performance.

With this in mind, we recently caught up with David Sinclair from Queensland Health ahead of the **Health Facilities Design and Development Summit** taking place at **Australian Healthcare Week 2018**, to get his take on how to drive value from healthcare contracts.

David is the Executive Director of The Capital and Asset Services Branch (CASB), which oversees the delivery of Queensland Health's 2017-18 capital budget of almost \$1 Billion whilst managing its \$15 Billion asset base.

The primary focus for CASB is aligning the budget to consumer needs, whilst maintaining value for money for all Queenslanders.

Below, David shares insight into the principles CASB is using to strengthen relationships with vendors and how they are making improvements in procurement processes to ensure the success of their capital works projects across Queensland.



## Overcoming the challenges associated with managing contractor relationships in the Australian Healthcare Industry

“One of the biggest challenges for Queensland Health is there is a huge demand for new healthcare infrastructure which extends to more than the amount of money that is currently available.

As a result, it is incumbent on us that we extract the maximum value of every one of our contracts. Getting consistency across our entire portfolio of projects can be difficult. In Queensland, some of these contracts are located in very diverse and rural locations and we have to ensure a managing contractor visits these locations to ensure we get value from that project.

From a procurement perspective, there is a huge amount of interest in regional areas across Queensland in securing work for local contractors. At times, it can be challenging to balance the local drive to create local employment opportunities versus ensuring that we get a high-quality end product. We are overcoming this by allowing managing contractors to be hands on and manage their contracts without us being too prescriptive.”

## Driving value from contracts and Queensland Health

“At a high level we are focused on a clarity of expectations, roles and responsibilities. We continuously emphasise the notion of shared value to our contractors. Our aim is to seek and build long-term partnerships rather than different contractors being on different individual projects.

Clarity around our expectations of the end product and also the way in which a service will be delivered is key. This is something we have done poorly in the past as it was never properly documented and there was a lack of accountability around roles and who was accountable for the delivery of different elements of the project.”



# Improving procurement processes to ensure project success

“First and foremost early engagement is important. If you’re only beginning the engagement process once the contract has been let it is difficult to have that conversation about shared value and build a long-term partnership.

Whereas if you have that conversation earlier and clarify your own expectations around the project delivery and the roles and responsibilities, it is much easier to get value.

At Queensland Health, we have put a lot of effort into engaging with the sector to help everyone involved understand what it is like to be in a procurement exercise with us, but from the provider side rather than the client side. We have achieved this throughout collaboration and feedback with individual companies as well as through engaging with industry groups like Consult Australia and the Infrastructure Association of Queensland to genuinely understand what it is like to do business with Queensland Health.”



## Lessons learned

“When we have tried to implement new procurement processes halfway through a project, it has not worked very well. We have found by trying to change roles and responsibilities once a project commences can make people feel uneasy. As a result it is important to do this outside the heat of a specific project.”

## Interested in learning more?



Join David at the **Health Facilities Design and Development Summit** taking place at **Australian Healthcare Week 2018** where he will further explore:

- Principles for driving value from your contracts
- Self-reflection on how we act as clients and engage with vendors
- How your procurement processes and decisions affect the cost, standardisation and success of your capital works

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