

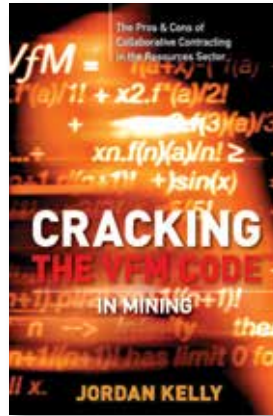
Cracking the VfM Code in Mining

As Australian mining industry executives continue their desperate search for strategies to contain costs and maintain project profitability, infrastructure industry commentator and author Jordan Kelly proposes a possible solution: alliancing and other forms of collaborative contracting.

While this form of contracting is largely unfamiliar to the resources sector, it's a methodology that effectively cleared huge backlogs of public infrastructure projects during the overheated construction market years of 1995-2009, bringing literally hundreds of big-ticket projects in under time and under budget.

The potential to bring about a similar performance turnaround is the subject of Kelly's recently-released *Cracking the VfM Code in Mining*, a book she wrote at the request of readers of her slightly earlier *Cracking the VfM Code in Collaborative Contracting* duo. ("VfM" stands for "Value for Money" – a hot topic and a bone of contention for those that remain cynical about this form of project delivery.)

Kelly and the industry leaders she interviewed for the



book believe most mining company heads misunderstand the alliancing concept, viewing it as a loose form of "relationship" contracting open to abuse by contractors.

Firstly, says Kelly, that's not an accurate perception. Alliancing, she says, is arguably more structured in many regards than conventional forms of contracting. Secondly, for some mining projects there's little to lose and much to be gained by giving it a shot: As at 2012, the cost of developing a mineral resources project in Australia was an average 1.5 times that of getting a project up in other mining nations, and it's getting steadily worse.

For contrast, she points to a recent infrastructure survey by global law firm, Ashurst. The survey showed that 67 percent of respondents who had delivered a project using an alliance had seen that project come in on schedule, on budget, and to the required standard. Only 48 percent of respondents had experienced these desired outcomes using other contractual methodologies.

Readers interested in Jordan Kelly's industry studies should visit www.bidstrategist.com.

WIN!

The first reader to contact karen@angrychicken.com.au with "WIN A COPY OF CRACKING THE VfM CODE IN MINING" will receive the book for free.