



PROGRAM DELIVERY APPROACH SPECIFICATION

Client: Victorian Infrastructure Delivery Authority (VIDA)
(formerly MRPV)

Location: VIC, Australia

Project value: \$6 billion (approx.)

Contract from: Incentivised Target Cost (ITC)

Project lifecycle stage: Procurement and Delivery

Duration: 2020 - Ongoing

At a glance: In 2020, MRPV introduced the Program Delivery Approach (PDA) model - a new procurement framework aimed at improving the approach for procuring contractors for road infrastructure upgrades and improvements. This framework is designed to enhance delivery efficiency, foster collaboration and ensure value-for-money outcomes for the State.

Under the PDA model, projects are awarded to a panel of pre-qualified contractors based on an evaluation of their capability, capacity, past performance, and ability to deliver value-for-money solutions.

To support this approach, MRPV introduced a new contract model - the Incentivised Target Cost (ITC). This innovative contracting method encourages greater collaboration, strengthen cost control and drives overall project performance.

Objectives

Major road upgrades and duplications have historically relied upon the Design and Construct (D&C) contract model. However, this did result in most contracts going over budget and numerous claims being lodged by Contractors.

To better manage complex projects, Major Road Projects Victoria (MRPV) decided to change their approach, leading to the adoption of the Incentivised Target Cost (ITC) model. Unlike D&C, the ITC framework promotes shared risk and collaborative delivery by establishing a target cost framework, where both cost overruns and savings are shared between parties. In turn, aligning incentives and enabling more efficient, transparent, and performance-focused outcomes during delivery. To facilitate this, MRPV had to ensure the model was ready to be utilised by the market.

Our services

SmedTech was engaged by MRPV as the technical lead in developing the ITC contract model. In this role, we:

- Collaboratively worked with MRPV and legal advisors to develop a new ITC specification template aligned with the General Conditions of the Contract prepared by MRPV's legal team.

- Reviewed and tailored the existing D&C contract requirements to suit the ITC model, ensuring alignment with MRPV's objectives and project-specific needs.
- Supported the establishment of a specification working group within MRPV to guide consistent application of the ITC model across all projects.
- Delivered a standardised ITC specification template, now actively used across MRPV projects.

Following the implementation of the ITC contract model, SmedTech has continued to assist MRPV by providing technical input into the development of project specific technical specifications and delivering assurance review services for over 40 projects, which represent the majority of projects MRPV has procured under the ITC model, including the Craigieburn Road Upgrade, Hallam Road Upgrade, Fitzsimons Lane Upgrade, and Barwon Heads Road Upgrade.

Our impact

SmedTech's engagement with MRPV resulted in the successful development of a practical and flexible ITC specification contract template, now widely utilised across MRPV projects. The standardised approach has streamlined the procurement process and ensured consistency in delivery. Our ongoing support provides technical assurance that ITC-procured projects meet required standards, contributing to the successful delivery of road infrastructure upgrades.