

**11 March
2026**

**Optimising cost
management
to deliver
more with less**

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- Victorian Ombudsman
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- Executive Director Corporate Services, Independent Broad-based Anti-corruption Commission
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GovProcure – March 2026

1. Total Cost of Ownership: how to consider savings beyond the initial purchase price
2. Supplier spend analysis: how to find efficiency and value hiding in plain sight
3. Smarter evaluation frameworks: how to reward innovation and transparency rather than defaulting to cheapest price
4. The link between probity and value

The Headline

If I leave you with nothing else today, I would encourage you to consider this:

True value add procurement isn't a one-time event – it's a system, a culture and a professional practice.

One that enables better, long term decisions, not just cheaper invoices.

And one that is both ethical, and produces value.

Total Cost of Ownership

The question is not “what is the *price* of this good or service?”

The question is “What is the *cost* over the entire life of this good or service: financially, operationally, and in risk?”

Total Cost of Ownership

Fresh doubts on Victoria's myki overhaul contract as second failed bidder urges review

By Victorian state political reporter Richard Willingham

Rail Transport Industry

Tue 20 Jun 2023



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Construction of the California high-speed rail system is costing about \$1.8 million a day, according to projections widely used by engineers and project managers. Ryan Young for The New York Times

How California's Bullet Train Went Off the Rails

America's first experiment with high-speed rail has become a multi-billion-dollar nightmare.

Total Cost of Ownership

1: Acquisition

Upfront price, implementation, onboarding, setup

2: Ongoing operating costs

Consumables, energy, staffing impact, ongoing fees, internal support time

3: Quality and performance

Failure rates, rework, service levels, downtime cost, first time quality

4: Risk and compliance

Contractual risk, regulatory exposure, cyber risk, safety, supply continuity

Supplier Spend Analysis

The good news: You already have great data you can use to identify savings

The not so good, but unsurprising news: Current practice may be costing your organisation and community money

- fragmentation
- leakage
- unchallenged demand

Supplier Spend Analysis

Whole of government

All activities and services provided to over 1 million Victorian citizens from state and local governments and associated agencies.



Define focus Our systems and public sector strategies, policies, programs and services of interest to the Auditor-General that impact citizens and communities in different ways.

Open experience and outcomes **Compliance and equity** **Data and digital technologies** **Fiscal outcomes, resource management and primary resources** **Transparency, accountability, fiscal management and accessibility**

Seek and analyse information We take in, analyse and synthesise information from key sources to identify potential themes and topics.

- Feedback channels
- Engagement with PSC and members of Parliament
- Community group consultations
- Consultations with public sector agencies
- Special interest
- Stakeholder inquiries
- Information from third parties

→ We analyse government strategy, policies, trends and work for a date

→ We consolidate information and analyse trends and emerging risks

→ We identify potential topics for focus in our future engagement

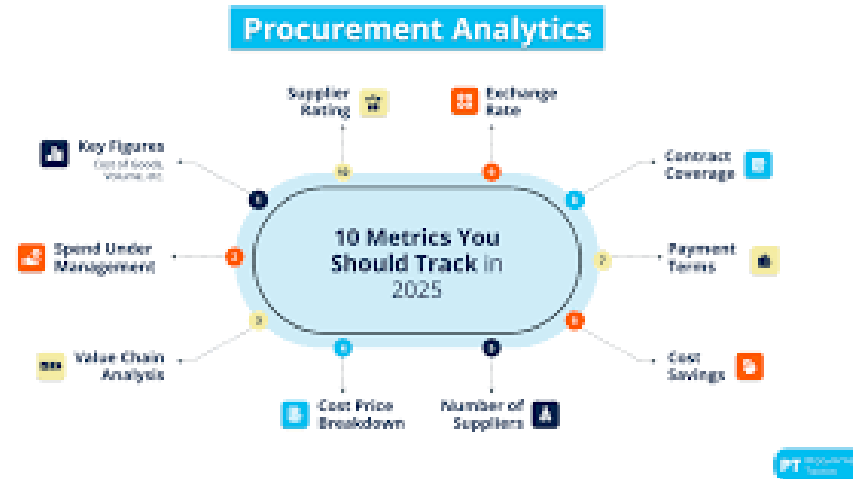
Refine themes and topics We scrutinise topics in relation to AGO's role and administrative capacity from work in this area.

What's the VAGO context? Can the topic be isolated? Is there a right in Parliament or the community's understanding? Are there emerging trends and important related data points? What is the right timing?

Prioritise topics We assess the relative importance of proposed topics to shape our work program.

How material is this topic? How are current efforts? What is the real-world or government program? What is the impact of the activity or failure of an activity? What are the risks of the activity?

Annual Plan Topics are declared by AGO's work program engagement areas for the following year.



Supplier Spend Analysis

My top tip is to use spend analysis to inform and prioritise changes you can make to add real value for money:

- Standardise specifications where it makes sense to do so
- Simplify and reduce your supplier range where complexity or duplication adds no value
- Shift to an outcome-based procurement approach where quality matters
- Improve compliance through good process and data, not policing

Smarter Evaluation Frameworks

Shift your culture, by putting your goals into practice

Be deliberate about selecting value not cheapest price

Make value demonstrable

Shift to best value rather than upfront price

Smarter Evaluation Frameworks

Three methods to consider:

1. Risk management: thresholds; ensuring critical risks are evaluated and costed
2. Transparency: clear expectations, deliberate and formal evaluation, and like for like comparisons
3. Innovation: be specific and tangible about what matters to you and your community, make it measurable, build a partnership

Smarter Evaluation Frameworks

Ottawa

Phoenix pay system fiasco: 10 years of mistakes and lessons

A decade later, the federal government has spent nearly \$5B to fix Phoenix



Estelle Côté-Sroka · CBC News · Posted: Feb 18, 2026 4:00 AM EST | Last Updated: February 19



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MILITARY HARDWARE: TANKS, BOMBERS, SUBMARINES AND MORE

The Littoral Combat Ship Might Be The Navy's Biggest Mistake Ever



By Jack Buckby Published November 25, 2025



Probity and Value

ATO employee convicted of fraud

GN by Government News Team SEPTEMBER 17, 2025



(iStock.com/MarioGuti)

A former Australian Tax Office employee in Victoria has falsely claiming payments using the information and rec



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The red flags of corruption: procurement

02/11/2015

Procurement is vulnerable to being corrupted because it can involve large sums of public money, and be impacted by highly devolved decision-making, limited oversight and inadequate staff training.

Employees and suppliers are all well placed to identify red flags during tendering, evaluation, invoicing and delivery.

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Probity and Value

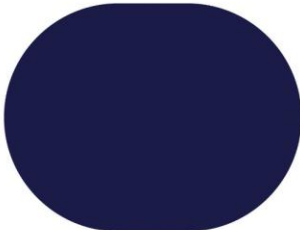
Impacts of fraud and corruption:

1. Financial costs: inflated costings and poor quality and value
2. People costs: public sector workers and the community
3. Trust and confidence in government
4. Trust and confidence in democracy

Ask Your Teams

- How can we remove costs from the overall procurement system?
- How can we better support our processes and system to measure value rather than price?
- How can we procure for value and for outcomes?

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**Thank
you**