

CHAPTER 3: PUBLIC SECTOR INFRASTRUCTURE AND ASSET INVESTMENT

Key findings of the Committee:

- 3.1 Across the general government sector, net infrastructure investment totalled \$4.1 billion in 2008-09, an increase from \$3.9 billion in the previous year.
- 3.2 Overall, actual expenditure was 7 per cent less than the revised estimate for 2008-09, but there were significant variations for individual departments.
- 3.3 Of the 194 major infrastructure projects reported to the Committee, the actual expenditure was within 10 per cent of the estimated expenditure in 27 per cent of cases. \$652 million less than budgeted was spent, with 53 per cent of major infrastructure projects under-spending by a significant amount, primarily due to project delays and rescheduling. \$207 million more than budgeted was spent on other projects, with 20 per cent of major infrastructure projects over-spending by a significant amount, mostly due to projects progressing ahead of schedule.
- 3.4 In total, 48 per cent of projects had revised completion dates compared to original estimates, with 12 per cent being brought forward and 36 per cent being delayed. Of those projects which had revised completion dates in 2007-08, approximately half revised their completion dates again in 2008-09.
- 3.5 The Department of Treasury and Finance and Major Projects Victoria provide services to support government departments in planning and managing infrastructure projects.

3.1. Introduction

The net infrastructure investment across the general government sector in 2008-09 totalled \$4.1 billion, which included ‘*school modernisation, extension and re-building works as part of the Government’s Victorian Schools Plan; major hospital redevelopments such as the Royal Melbourne Hospital; key water projects; and various road and rail upgrades.*’⁴² The expenditure is broken down by department in Table 3.1.

This spending is an increase on the \$3.9 billion spent in 2007-08, continuing the Government’s trend of increased spending on infrastructure.⁴³ New asset investment projects with a TEI of \$3.2 billion were announced in the 2008-09 Budget, in addition to \$1.1 billion provided in the *2007-08 Budget Update*.⁴⁴

A number of projects were expanded and accelerated during 2008-09 as a result of the Global Financial Crisis.⁴⁵ Significant Commonwealth grants that were unanticipated at the time of the 2008-09 Budget were also received during the year, primarily connected with education, social housing and transport projects. These are discussed further in Chapter 7 of this report.

42 Department of Treasury and Finance, *Financial Report for the State of Victoria 2008-09*, p.3

43 Public Accounts and Estimates Committee, *Report on the 2009-10 Budget Estimates – Part Two*, October 2009, p.53

44 Department of Treasury and Finance, *Budget Paper No. 2 – Strategy and Outlook 2008-09*, p.12

45 Department of Treasury and Finance, *Financial Report for the State of Victoria 2008-09*, October 2009, p.9

Table 3.1 shows that the Government's overall total expenditure on non-financial assets was 7 per cent less than the revised estimate for 2008-09. However, within that, there were significant variations for individual departments between the revised estimate and the actual expenditure. Four departments had variations exceeding \$100 million each, including one department with a variation in excess of \$300 million.

Table 3.1: Purchase of non-financial assets 2008-09

	Actual expenditure 2008-09	Revised estimated expenditure 2008-09	Variation	
	(\$ million)	(\$ million)	(%)	(\$ million)
Department of Education and Early Childhood Development	474.2	792.0	-40.1	-317.8
Department of Human Services	717.0	592.4	21.0	124.6
Department of Innovation, Industry and Regional Development	446.4	293.0	52.4	153.4
Department of Justice	227.0	199.7	13.7	27.3
Department of Planning and Community Development	27.7	23.8	16.4	3.9
Department of Premier and Cabinet	36.7	62.2	-41.0	-25.5
Department of Primary Industries	29.4	13.1	124.4	16.3
Department of Sustainability and Environment	50.2	201.8	-75.1	-151.6
Department of Transport	881.0	891.1	-1.1	-10.1
Department of Treasury and Finance	43.8	47.1	-7.0	-3.3
Parliament	9.3	7.4	25.7	1.9
Regulatory bodies and other part budget funded agencies	204.1	207.1	-1.4	-3
General government unallocated & adjustments	..	(82.6)		
Total purchase of non-financial assets	3,146.8	3,248.1	-3.1	-101.3
Less proceeds from asset sales	(268.2)	(190.5)	40.8	-77.7
Net contribution to other sectors of government	1,172.7	1,295.0	-9.4	-122.3
Net investment in fixed assets	4,051.3	4,352.6	-6.9	-301.3

Source: Department of Treasury and Finance, response to the Committee's 2008-09 Financial and Performance Outcomes Questionnaire – Part Two, received 12 February 2010, p.6

3.2. Departmental explanations from instances of variations in asset spending against 2008-09 expenditure projections

The Committee asked all departments to provide details of asset investment projects identified in *Budget Information Paper No.1 – Public Sector Asset Investment Program 2008-09*, with a TEI in excess of \$10 million for which expenditure was expected to occur during 2008-09. Details sought by the Committee included:

- estimated and actual expenditure;
- specific reasons for any variations greater than 10 per cent between the estimated and the actual expenditure for 2008-09;
- TEI and remaining expenditure;
- the original, revised and forecast completion dates for each project; and
- specific reasons for any variations between the original, revised and forecast completion dates.

3.3. Major infrastructure projects where actual expenditure varied from estimates for 2008-09

The information supplied by departments documented a range of discrepancies between actual expenditure and the 2008-09 Budget allocations. Of the 194 projects reported to the Committee, in only 27 per cent of cases was the actual expenditure within 10 per cent of the estimated amount. The Committee sought explanations for those projects where expenditure varied by more than 10 per cent from the estimate. The Committee also sought details of projects with budgeted expenditure for 2008-09 where no expenditure occurred.

In total, the expenditure on these 194 projects was \$444.8 million less than budgeted. That figure is made up of under-expenditure on projects totalling \$651.9 million and over-expenditure amounting to \$207.2 million.

The details supplied by departments are provided in Table 3.5 and Table 3.7 and summarised in Table 3.2. When examining these tables, it is important to recognise that they present a 'point in time' view of the progress towards project completion and that a negative or positive expenditure variation does not necessarily mean a change in the overall TEI for the project. Variations may have a number of causes, including a shift in the planned expenditure pattern, which does not necessarily affect the overall project cost. Projects where there have been revised completion dates are discussed in Section 3.4.

Table 3.2: Major infrastructure projects' actual expenditure compared to budget for 2008-09 (summary)

Department	Total number of projects	Variation between actual and estimated expenditure			Projects with zero expenditure
		>10% less than estimated	Within $\pm 10\%$ of estimate	>10% more than estimated	
	(No.)	(%)	(%)	(%)	(No.)
Education and Early Childhood Development	22	50.0	18.2	31.8	0
Human Services	52	46.2	23.1	30.8	3
Innovation, Industry and Regional Development	12	66.7	16.7	16.7	0
Justice	22	77.3	9.1	13.6	2
Planning and Community Development	3	66.7	33.3	0.0	0
Premier and Cabinet	2	0.0	100.0	0.0	0
Primary Industries	1	100.0	0.0	0.0	0
Sustainability and Environment	19	42.1	57.9	0.0	3
Transport	61	50.8	31.1	18.0	1
Treasury and Finance	0	0.0	0.0	0.0	0
Total	194	52.6	27.3	20.1	9

Source: Departmental responses to the Committee's 2008-09 Financial and Performance Outcomes Questionnaire – Part Two and clarification questions

3.3.1 Major infrastructure projects with actual expenditure lower than estimated in 2008-09

There were 102 projects (53 per cent) where actual expenditure in 2008-09 was less than estimated by greater than 10 per cent. Together these under-expenditures resulted in \$633.9 million less than budgeted being spent.⁴⁶ Table 3.2 provides a summary by department. Table 3.5 provides the departments' explanations for these variances.

The most common reason given for under-expenditure was project delays, most frequently delays associated with construction, permits or contracts. Reasons for project delays are discussed further in Section 3.4. Overall, as can be seen from Table 3.3, there is a clear concurrence between delayed projects and projects with significant under-spends (i.e. 10 or more per cent less than budgeted) – 63 per cent of delayed projects had under-spends and 43 per cent of projects with under-spends also had delays.

⁴⁶ An additional \$18.0 million less than budgeted was spent on projects which under-spent by less than 10 per cent.

Table 3.3: Major infrastructure projects with variances in under-expenditure greater than 10 per cent, by department

Department	Projects with both delays and significant under-spend	As a proportion of delayed projects	As a proportion of projects with under-spends
	(No.)	(%)	(%)
Education and Early Childhood Development ^(a)	7	70.0	63.6
Human Services	8	53.3	33.3
Innovation, Industry and Regional Development	6	66.7	75.0
Justice	9	81.8	52.9
Planning and Community Development	1	50.0	50.0
Premier and Cabinet	0	0.0	0.0
Primary Industries	0	0.0	0.0
Sustainability and Environment	0	0.0	0.0
Transport	13	59.1	41.9
Treasury and Finance	0	0.0	0.0
Total	44	62.9	43.1

Note:

(a) Completion dates were not provided for one project.

Source: Departmental responses to the Committee's 2008-09 Financial and Performance Outcomes Questionnaire – Part Two and clarification questions

Table 3.3 also shows that in 57 per cent of cases, expenditure was less than estimated for reasons other than project delays.

In some instances, less money was required than had been budgeted because project costs were less than had been anticipated.

For a number of projects, less expenditure than budgeted occurred because of revisions to project schedules which did not lead to delays to the projects' end-dates. In some cases, elements of projects had been brought forward in the previous year (so that expenditure budgeted for 2008-09 was spent in 2007-08). In other cases, elements of projects were postponed (so that expenditure budgeted for 2008-09 is to be spent in 2009-10). A variety of reasons led to this rescheduling, such as:

- works had been accelerated in 2007-08 due to favourable circumstances then;
- information and communication technology equipment was postponed to allow for server reconfiguration;
- property market impacts;
- linking planned State funding with new Commonwealth stimulus funding; and
- timber expected to be reusable turned out to need replacement.

There were also several cases where the apparent under-spend was attributed to budgeted funding being spent as output funding rather than as asset funding. Similarly, a decision to deliver a project through a Public Private Partnership meant that originally planned funding is now not to be spent.

There were nine projects with a TEI over \$10 million where funds were budgeted to be spent in 2008-09 but where no funds were actually spent. The explanations are provided in Table 3.4.

Table 3.4: Major infrastructure projects with no expenditure in 2008-09

Project	BIP No 1 Budget 2008-09 estimated expenditure (\$ million)	Explanation for variance
Department of Human Services		
Colac Area Health, Polwarth Nursing Home – Residential Aged Care Strategy (Colac)	0.2 ^(a)	Project complete.
Geelong Hospital Radiotherapy Service (Geelong)	0.7 ^(a)	Project complete.
HealthSMART Shared Information and Communication Technology (ICT) Operations (Statewide)	6.7	The planned refresh program was postponed to 2009-10 to allow server reconfiguration. The project is still scheduled to meet original end-date of June 2012.
Department of Justice		
Melbourne North Police Station – Construction (Carlton–North Melbourne)	7.6	Project recorded zero net expenditure for 2008-09 as a result of a refund of property purchase costs from DTF and delays in the site search and compulsory acquisition process. The original site identified for compulsory acquisition proved unsuitable due to contamination and, accordingly, a second site was identified and the compulsory acquisition process recommenced. The TEI for this project was revised to \$23.9m as part of the mid-year budget update.
VICSES Support – Construction and Asset Enhancement (Statewide)	5.3	Project had no capital expenditure for 2008-09 following s.30 FMA budget transfer to output. This process has not affected the completion date.
Department of Sustainability and Environment		
National Water Initiative – Macalister – Construction (Boisdale)	1.3	The Commonwealth required further information regarding water savings prior to approval of the milestone payment. Southern Rural Water Corporation provided the additional information in 2009-10 and the milestone payment is now expected to occur in March 2010. The project remains on course to deliver estimated water savings of 15 gigalitres for the environment in the Macalister and Thomson rivers.
Sustainable Water Initiatives – Maintenance (Statewide)	4.5	In 2008-09 this program was expected to fund works associated with the Werribee Vision Project. Approvals for stage one and two have been completed with the last four stages still requiring approval prior to the allocation of funding. Funding has been carried over into 2009-10 to allow for gaining the necessary approvals.
Wonthaggi Desalination Project	30.0	The Desalination Plant is being delivered through a Public Private Partnership. ^(b)

Project	BIP No 1 Budget 2008-09 estimated expenditure (\$ million)	Explanation for variance
Department of Transport		
Murray River Bridge Replacements – Crossings (Corowa, Echuca and Robinvale)	3.0	Project impacted by stakeholder and planning issues relating to bridge alignment.

Notes:

- (a) *Figure reported as 0 by the Department – this figure comes from Department of Treasury and Finance, Budget Information Paper No. 1 – Public Sector Asset Investment Program 2008-09, pp. 40–1.*
- (b) *Information supplied by the Committee.*

Source: *Departmental responses to the Committee’s 2008-09 Financial and Performance Outcomes Questionnaire – Part Two, except where noted*

Table 3.5: Major infrastructure projects with actual expenditure lower than estimated in 2008-09

Project	BIP No 1 Budget 2008-09 estimated expenditure (\$ million)	2008-09 Actual expenditure (\$ million)	Variance (%)	Explanation for variance	Expenditure 2005-06 to 2007-08 (\$ million)	Total Estimated Investment (\$ million)	Remaining expenditure (%)
Department of Education and Early Childhood Development							
Albert Park Secondary College – Replacement Schools (Albert Park)	13.0	5.9	-54.6	Variance is due to demolition and remediation works delaying commencement of construction. The contract was awarded in December 2008.	2.0	16.0	50.5
Bendigo Education Plan – Eaglehawk – Eaglehawk Secondary College – Stage 2 (Eaglehawk)	4.4	1.8	-58.9	Variance is due to the finalisation of tender documents taking longer than originally anticipated, as a result of project scope being reviewed to fit within budgetary constraints.	0.0	12.0	85.0
Bendigo Education Plan – Kangaroo Flat – Kangaroo Flat Secondary College – Stage 2 (Kangaroo Flat)	2.2	1.2	-47.0	Variance is due to the finalisation of tender documents taking longer than originally anticipated, as a result of project scope being reviewed to fit within budgetary constraints.	0.0	11.0	89.5
Better Schools Today (various schools)	5.5	1.5	-73.2	The program was finalised in 2008-09. The expenditure in 2008-09 was adjusted to \$1.475M as 2007-08 expenditure exceeded the annual allocation.	18.5	20.0	0.0
Better Schools Today 2008-09 (various)	35.0	11.4	-67.3	Variance is due to many schools combining funding from this program with funds provided under the Economic Stimulus Package (ESP) in order to derive the maximum advantage for individual projects.	0.0	35.0	67.3

Project	BIP No 1 Budget 2008-09 estimated expenditure (\$ million)	2008-09 Actual expenditure (\$ million)	Variance (%)	Explanation for variance	Expenditure 2005-06 to 2007-08 (\$ million)	Total Estimated Investment (\$ million)	Remaining expenditure (%)
Broadmeadows Regeneration – Erinbank Secondary College and Hillcrest Secondary College (Broadmeadows)	8.1	7.0	-13.3	Variance is due to delay in tendering process as the design had to be revised to be within budget.	1.0	10.4	22.9
Community Facilities Fund (various)	2.6	1.0	-59.8	The contract was finalised in 2008-09. The expenditure in 2008-09 was adjusted to \$1.039M as 2007-08 expenditure exceeded the annual allocation.	24.7	29.5	0.0
Dandenong – Regeneration – Dandenong High, Cleeland Secondary College and Doveton Secondary College – Stage 2 (Dandenong)	0.9	0.6	-31.0	Variance is due to the delay in awarding the contract as the scope of work changed at the design and development stage. Construction accelerated in 2009-10.	0.0	10.0	93.6
John Monash Science School – Monash University, Clayton Campus (Clayton)	14.0	8.1	-42.0	Variance is due to the nature of building works and expenditure in 2008-09 which was lower than estimated at budget formulation time but will accelerate sharply in the first half of 2009-10.	1.2	20.0	53.4

Project	BIP No 1 Budget 2008-09 estimated expenditure (\$ million)	2008-09 Actual expenditure (\$ million)	Variance (%)	Explanation for variance	Expenditure 2005-06 to 2007-08 (\$ million)	Total Estimated Investment (\$ million)	Remaining expenditure (%)
Various Schools – Leading Schools Fund – Modernisation (various schools)	2.8	1.1	-59.0	This initiative comprised numerous projects. The variance is due to a significant number of projects being delayed in planning stage and revised implementation time frames due to schools entering into cluster arrangements or schools combining funding from this program with other capital works projects.	9.4	12.1	13.3
	13.6	0.8	-94.2		Variance is due to the documentation being suspended pending resolution of the Joint Use Agreement and land acquisition issues with the City of Greater Geelong. Construction commenced in November 2009.	0.0	13.8
Department of Human Services^(a)							
Colac Area Health, Polwarth Nursing Home –Residential Aged Care Strategy (Colac) ^(b)	0.2	0.0	-100.0	Project complete.	11.5	13.4	0.0

Project	BIP No 1 Budget 2008-09 estimated expenditure (\$ million)	2008-09 Actual expenditure (\$ million)	Variance (%)	Explanation for variance	Expenditure 2005-06 to 2007-08 (\$ million)	Total Estimated Investment (\$ million)	Remaining expenditure (%)
Disability Services Strategic Refurbishment and Replacement Program Stage 2 (Statewide)	8.2	1.5	-81.6	Both the SRRP and the Colanda projects have achieved financial closure. A delay in construction of the final suite of houses has occurred due to the development of a joint capital program between Disability Services DHS and the Office of Housing Innovative and the Office of Housing Program (IHOP). This has resulted in the overall end-date being amended to late 2009. Project remains within original TEI.	3.5	15.0	66.5
Eastern Health Mental Health Redevelopment Stage 1 (Box Hill, Ringwood East)	7.5	6.3	-15.9	All construction works complete with only outstanding minor work packages to be complete. Project in financial completion phase.	22.6	31.3	7.7
Electronic Prescribing in Key Victorian Hospitals (Statewide)	13.6	7.2	-47.1	Delays associated with finalising agencies to participate in the rollout of the new system resulted in delays to the overall implementation schedule. Agency participation has now been finalised, with the project end-date adjusted to December 2010.	7.4	21.0	30.5
Geelong Hospital Emergency Department Redevelopment (Geelong)	4.4	3.9	-11.4	All construction works complete and facility operational. Project is in financial completion phase.	22.9	27.6	2.9
Geelong Hospital Radiotherapy Service (Geelong) ^(b)	0.7	0.0	-100.0	Project complete.	14.3	15.3	0.0

Project	BIP No 1 Budget 2008-09 estimated expenditure (\$ million)	2008-09 Actual expenditure (\$ million)	Variance (%)	Explanation for variance	Expenditure 2005-06 to 2007-08 (\$ million)	Total Estimated Investment (\$ million)	Remaining expenditure (%)
Grace McKellar Centre –Redevelopment Stage 2 (Geelong)	2.1	0.4	-79.0	The project redevelopment has achieved occupation in June 2007. There are a number of minor enhancements/minor works (that fall within the master plan) that are being finalised and progressing within the remaining project funds. Financial reconciliation of the project is nearing completion.	44.7	52.8	3.2
Grovedale Aged Care Facility Development (Grovedale)	3.2	2.6	-16.3	Construction complete. Project in financial completion phase	20.2	23.4	2.2
HealthSMART Shared Information and Communication Technology (ICT) Operations (Statewide)	6.7	0.0	-100.0	The planned refresh program was postponed to 2009-10 to allow server reconfiguration. The project is still scheduled to meet original end-date of June 2012.	0.0	26.9	100.0
Heidelberg Repatriation Hospital Mental Health Redevelopment (Heidelberg)	7.3	0.1	-98.7	Variance due to delay in construction start date due to modifications to original design, following internal reviews. Construction end-dated has been amended to October 2010.	0.0	13.5	99.3
Hospital Energy Supply Project (Statewide)	10.0	2.0	-79.6	Delays in the procurement of major pieces of plant (principally diesel generators) has resulted in a delay to overall project. Project is now expected to be completed by July 2010.	0.0	23.6	91.4
Kew Residential Services Redevelopment (Kew)	5.8	0.5	-91.2	Construction works complete. Remedial works are continuing and are expected to be complete by June 2010. Project is in financial completion phase.	31.1	82.8	2.0

Project	BIP No 1 Budget 2008-09 estimated expenditure (\$ million)	2008-09 Actual expenditure (\$ million)	Variance (%)	Explanation for variance	Expenditure 2005-06 to 2007-08 (\$ million)	Total Estimated Investment (\$ million)	Remaining expenditure (%)
Medical Equipment Replacement Program 2008-09 (Statewide)	35.0	30.4	-13.2	All funding for 2008-09 has been committed. Several large invoices associated with a number of high-cost medical equipment items still to be paid. Project to be financially complete by June 2010.	0.0	35.0	13.2
Metropolitan and Rural Ambulance Services – Station Upgrades (Statewide)	7.4	6.6	-10.7	Finalisation of the location of the Knox facility due to a local planning issue resulted in a delay to the commencement of construction for this site. A site has now been procured and construction commenced, with the overall project expected to be completed by June 2010.	2.2	11.7	25.5
North Richmond Community Health Centre Relocation (North Richmond)	1.0	0.3	-69.5	Town planning issues affected progression of the project has resulted in an overall delay in the project. An alternate site has been identified and the project has recommenced and progressing to the revised program.	4.3	22.5	79.6
Northeast Health Wangaratta – Nursing Home Redevelopment (Wangaratta)	0.6	0.2	-67.7	Construction complete. Project in financial completion phase with outstanding invoices to be paid.	10.0	10.5	3.0
Northern Hospital Redevelopment Stage 2a (Epping)	1.2	0.3	-75.0	Construction works complete. Delays in the finalisation of an environmental audit on the site delayed completion of the overall project. Remedial works are continuing and are expected to be complete by June 2010. Project is in financial completion phase.	23.3	24.5	3.8

Project	BIP No 1 Budget 2008-09 estimated expenditure (\$ million)	2008-09 Actual expenditure (\$ million)	Variance (%)	Explanation for variance	Expenditure 2005-06 to 2007-08 (\$ million)	Total Estimated Investment (\$ million)	Remaining expenditure (%)
Placement and Support Residential Facility Renewal Strategy – Stage 6 (Statewide)	6.9	5.6	-18.5	A delay in finalising tendering documents for two of the required 14 houses resulted in an initial underspend for the project as commencement of construction was delayed. However, the project is now progressing ahead of the initial forecast end-date due to favourable building conditions.	6.9	14.2	11.7
Royal Melbourne Hospital Brickwork Rectification (Parkville)	1.8	1.0	-47.5	Urgent brickwork rectification works completed. Project is in financial completion phase, with outstanding invoices to be paid by June 2010.	25.7	27.7	3.7
Sunshine Hospital Expansion and Redevelopment – Stage 1 (Sunshine)	11.1	7.6	-31.7	Delay in appointment of construction manager, which delayed start of works on site. Rescheduled works to be completed with Stage 2.	6.2	20.0	31.1
Sunshine Hospital Expansion and Redevelopment – Stage 2 (Sunshine)	13.3	6.0	-54.6	Projected cash flow over-estimated in first year of construction programme. Overall, project is progressing to original schedule.	0.0	73.5	91.8
Super Clinics (Metropolitan)	1.2	0.9	-30.0	Construction on all three sites (Craigieburn, Melton and Lilydale) is complete. The project is in financial completion/defects liability phase with outstanding invoices to be paid.	40.8	41.7	0.1
Warracknabeal Nursing Home Stage 1 Redevelopment (Warracknabeal)	0.9	0.4	-56.6	Main construction works completed within original timelines. Project is in financial completion/defect liability phase.	20.0	21.5	4.8

Project	BIP No 1 Budget 2008-09 estimated expenditure (\$ million)	2008-09 Actual expenditure (\$ million)	Variance (%)	Explanation for variance	Expenditure 2005-06 to 2007-08 (\$ million)	Total Estimated Investment (\$ million)	Remaining expenditure (%)
Warrnambool Hospital Redevelopment – Stage 1B (Warrnambool)	4.5	2.9	-34.9	The underspend is due to a delay in construction of the ambulance station due to issues associated with site selection. These issues have now been rectified and the project is progressing to the revised schedule with completion expected in Feb 2011.	0.0	70.1	95.8
Department of Innovation, Industry and Regional Development							
Automotive Centre of Excellence, Kangan Batman TAFE (Docklands) – Stage 2	10.0	6.0	-40.4	This project is at this point about 2 months behind program but still anticipated to be completed in June/July 2011. The delay to the project can be attributed to: <ul style="list-style-type: none"> the remediation of soil contamination around a decommissioned main trunk sewer; and the design team not meeting key documentation milestone dates. 	1.2	30.0	76.3

Project	BIP No 1 Budget 2008-09 estimated expenditure (\$ million)	2008-09 Actual expenditure (\$ million)	Variance (%)	Explanation for variance	Expenditure 2005-06 to 2007-08 (\$ million)	Total Estimated Investment (\$ million)	Remaining expenditure
							(%)
Chisholm Institute of TAFE – Trade (Automotive & Logistics) Training Centre (Dandenong) – Commonwealth supported project	3.7	0.3	-90.6	<p>The delay to the project can be attributed to:</p> <ul style="list-style-type: none"> the design team being unable to meet documentation milestone dates due to uncertainty at the TAFE on the final project scope; and construction tenders received exceeded the project budget and the design was subjected to an extensive value management process. <p>A builder has now been appointed and construction progress claims will ensure a steady cash flow.</p>	0.0	11.5	97.0
Northern Melbourne Institute of TAFE – Campus redevelopment stage 1 (Epping)	3.0	1.6	-44.5	<p>The delay to the project can be attributed to:</p> <ul style="list-style-type: none"> the initial program and project cash flow for the documentation phase of the project was optimistic as to the time to settle issues; and the tenders received exceeded the project budget and the design has been subjected to an extensive value management process. <p>The total project cost has now been reduced to match project funding and a builder has been appointed.</p>	0.0	10.5	84.3

Project	BIP No 1 Budget 2008-09 estimated expenditure (\$ million)	2008-09 Actual expenditure (\$ million)	Variance (%)	Explanation for variance	Expenditure 2005-06 to 2007-08 (\$ million)	Total Estimated Investment (\$ million)	Remaining expenditure (%)

Project	BIP No 1 Budget 2008-09 estimated expenditure (\$ million)	2008-09 Actual expenditure (\$ million)	Variance (%)	Explanation for variance	Expenditure 2005-06 to 2007-08 (\$ million)	Total Estimated Investment (\$ million)	Remaining expenditure	
							(%)	(%)
Princes Pier Restoration (Port Melbourne)	11.6	2.5	-78.4	Significant amounts of the existing timber, which was initially thought to be reusable, required replacing which impacted on the budget and timing of this project. Additional funding of \$20 million was approved as part of the 2009-10 Budget to demolish the entire Princes Pier deck structure and reconstruct 196m of the deck (original Stage 1 scope), and restore and refurbish the gatehouse (Stage 2).	2.4	14.0	65.1	
Victoria University – Consolidation of Engineering and ICT – Commonwealth supported project	0.1	0.1	-36.3	Project completed slightly under budget.	13.5	13.6	0.3	
William Angliss Institute of TAFE – New teaching facility and campus redevelopment – Commonwealth supported project	9.1	7.7	-15.3	The final payment is outstanding as the TAFE and the builder are finalising the cost of variations to be paid from project contingency.	3.0	12.1	11.4	
Wodonga Institute of TAFE – National logistics and driver skills training centre (Wodonga)	4.0	0.0	-99.0	The delay for the project was due to the inability to acquire a suitable site for the construction of the centre.	0.0	15.5	103.0	

Project	BIP No 1 Budget 2008-09 estimated expenditure (\$ million)	2008-09 Actual expenditure (\$ million)	Variance (%)	Explanation for variance	Expenditure 2005-06 to 2007-08 (\$ million)	Total Estimated Investment (\$ million)	Remaining expenditure (%)
Department of Justice^(c)							
Ararat Police Station (Police Stations Program 2007-08) – Construction (Ararat)	6.0	0.9	-85.5	Victorian Civil and Administrative Tribunal (VCAT) processes delayed expected progress of this project during 2008-09. The TEI for this project was revised to \$10.53m as part of the mid-year budget update process.	1.0	13.5	64.2
Bayside Police Station (Police Stations Program 2007-08) – Construction (Sandringham)	5.9	4.5	-23.7	A competitive market delivered lower than anticipated project costs. The TEI for this project was revised to \$15.03m as part of the mid-year budget update. This has not affected the completion date.	0.7	13.0	75.6
Box Hill Police Station (Police Stations Program 2007-08) – Construction (Box Hill)	6.6	4.0	-39.4	A competitive market delivered lower than anticipated project costs. The TEI for this project was revised to \$19.76m as part of the mid-year budget update. This has not affected the completion date.	1.6	16.5	85.7
Building Confidence in Corrections – Construction/Asset Enhancement (Statewide/ Rural)	78.2	30.0	-61.6	The decision to deliver the new Ararat prison through a Public Private Partnership, along with associated planning and contractual issues, has re-phased funding for this project. The TEI was revised to \$315.04m during the mid-year budget update as a result of a Section 30 transfer. This has not affected the completion date.	0.0	316.6	90.0

Project	BIP No 1 Budget 2008-09 estimated expenditure (\$ million)	2008-09 Actual expenditure (\$ million)	Variance (%)	Explanation for variance	Expenditure 2005-06 to 2007-08 (\$ million)	Total Estimated Investment (\$ million)	Remaining expenditure (%)
Carrum Downs Police Station (Police Stations Program 2007-08) – Construction (Carrum Downs)	6.1	0.5	-92.0	Project delayed due to protracted site identification and acquisition process. The TEI for this project was revised to \$8.186m as part of the mid-year budget update.	0.9	14.0	48.3
Evidentiary Audio Visual Recording Equipment – Replacement (Melbourne)	7.5	5.2	-31.3	Project delayed due to protracted tender process. This has not affected the completion date. The TEI for this project was revised to \$18.187m as part of the mid-year budget update.	0.0	19.0	68.4
Infringement Management and Enforcement Services – Enhancement/ Equipment (Statewide)	2.5	1.8	-29.8	Project delayed due to contractor experiencing issues in the completion of the requirements definition and design phases of the project. This has not affected the completion date.	2.5	27.9	84.8
Integrated Courts Management System (ICMS) – Asset Enhancement (Statewide)	9.2	8.0	-12.2	Project delayed due to issues in rollout of the case management software.	24.2	32.3	0.0
Justice System Major Crimes Resourcing Needs – Asset Enhancement (Statewide)	0.8	0.2	-77.2	Project delayed due to changes to project scope and system implementation issues. The TEI for this project was revised to \$12.766m as part of the mid-year budget update process.	11.4	13.6	3.8

Project	BIP No 1 Budget 2008-09 estimated expenditure (\$ million)	2008-09 Actual expenditure (\$ million)	Variance (%)	Explanation for variance	Expenditure 2005-06 to 2007-08 (\$ million)	Total Estimated Investment (\$ million)	Remaining expenditure (%)
Kyneton Police Station (Police Stations Program 2007-08) – Construction (Kyneton)	5.3	0.7	-86.7	Project delayed due to protracted council planning process, additional conditions imposed by Heritage Victoria which resulted in a redesign of the site master-plan and a portion of the building. The TEI for this project was revised to \$12.241m as part of the mid-year budget update.	0.2	11.0	102.7
Lilydale Police Station – Construction (Lilydale)	11.5	3.2	-72.7	Project delayed due to protracted council planning process.	2.2	13.5	60.3
Melbourne Legal Precinct Master Plan – Old County Court Refurbishment – Construction/ Enhancement (Melbourne)	17.5	3.0	-82.9	Project delayed due to identification and removal of hazardous waste (asbestos), which in turn delayed the contractor appointment.	0.0	22.5	86.7
Melbourne North Police Station – Construction (Carlton–North Melbourne)	7.6	0.0	-100.0	Project recorded zero net expenditure for 2008-09 as a result of a refund of property purchase costs from DTF and delays in the site search and compulsory acquisition process. The original site identified for compulsory acquisition proved unsuitable due to contamination and, accordingly, a second site was identified and the compulsory acquisition process recommenced. The TEI for this project was revised to \$23.9m as part of the mid-year budget update.	0.6	15.9	100.5
Modernising Coronial Services – Construction (Melbourne)	6.0	4.2	-29.5	Project delayed due to identification of latent site contamination.	1.0	31.7	83.4

Project	BIP No 1 Budget 2008-09 estimated expenditure (\$ million)	2008-09 Actual expenditure (\$ million)	Variance (%)	Explanation for variance	Expenditure 2005-06 to 2007-08 (\$ million)	Total Estimated Investment (\$ million)	Remaining expenditure (%)
Moorabbin Court – Complex: Construction (Moorabbin)	0.5	0.4	-11.0	This project commenced in 2003-04 and was practically completed during 2008-09. The residual funds facilitated financial close of the project during 2009-10.	21.2	28.1	1.2
Swan Hill Police Station (Police Stations Program 2007-08) – Construction (Swan Hill)	6.1	4.8	-21.6	Project benefited from a lower contract amount than the original construction budget. Under spend was not a result of any slippage of the project program. The TEI for this project was revised to \$16.075m as part of the mid-year budget update. This has not affected the completion date.	1.7	15.0	64.3
VICSES Support – Construction and Asset Enhancement (Statewide)	5.3	0.0	-100.0	Project had no capital expenditure for 2008-09 following s.30 FMA budget transfer to output. This process has not affected the completion date.	3.9	11.8	59.9
Department of Planning and Community Development							
Footscray Transit City – Upgrade	21.3	7.2	-66.3	The overall completion date for this project remains 2010. The updated expenditure profile reflects revisions to the project schedule and cash flow following the award of the tender.	10.2	46.1	62.3
Transit Cities: Revitalising Central Dandenong – Upgrade Works (Dandenong)	59.7	40.4	-32.4	Asset investment covers land acquisition and construction of projects relating to Lonsdale Street and City Street. Adjustments to the expenditure profile reflect updated project schedules.	109.7	243.4	38.4

Project	BIP No 1 Budget 2008-09 estimated expenditure (\$ million)	2008-09 Actual expenditure (\$ million)	Variance (%)	Explanation for variance	Expenditure 2005-06 to 2007-08 (\$ million)	Total Estimated Investment (\$ million)	Remaining expenditure (%)
Department of Primary Industries							
Resource Rights Allocation and Management Program	1.7	0.2	-90.9	Variance due to the procurement of Program Management resources being delayed. Original phasing estimate for this procurement required readjustment however, this delay will have no impact on project outcomes. The Resource Rights Allocation and Management Program (RRAM) is a DPI flagship program. The engagement of a senior experienced program manager with expertise in business and ICT transformation programs was critical to the programs success. The engagement of the specialist program manager was delayed due to the lack of resource availability in the ICT labour market during mid to late 2008. The RRAM Program Control Board and DPI management undertook an extensive recruitment process prior to successfully engaging a suitably experienced program manager who commenced with the Department on 20 October 2008.	0	11.7	98.7
Department of Sustainability and Environment							
Bushfire Recovery 2007-08 – Strategy (Statewide)	6.8	0.4	-94.5	This program did not have a significant underspend as the majority of budgeted expenditure for 2008-09 was instead spent as output funding, including repairs and maintenance to assets damaged in the bushfires.	1.7	11.9	28.6

Project	BIP No 1 Budget 2008-09 estimated expenditure (\$ million)	2008-09 Actual expenditure (\$ million)	Variance (%)	Explanation for variance	Expenditure 2005-06 to 2007-08 (\$ million)	Total Estimated Investment (\$ million)	Remaining expenditure (%)
Improving Victoria's Natural Tourism Attractions – National Parks Upgrades (Statewide)	5.0	3.3	-33.9	This program did not have a significant underspend as most of the remainder of budgeted expenditure for 2008-09 was instead spent as output funding.	1.8	11.1	42.0
Melbourne Zoo Seal Pool Redevelopment – Construction (Parkville)	7.0	5.9	-15.1	Project due to be completed in the 2009-10 financial year.	10.0	20.0	15.0
National Water Initiative – Macalister – Construction (Boisdale)	1.3	0	-100.0	The Commonwealth required further information regarding water savings prior to approval of the milestone payment. Southern Rural Water Corporation provided the additional information in 2009-10 and the milestone payment is now expected to occur in March 2010. The project remains on course to deliver estimated water savings of 15 gigalitres for the environment in the Macalister and Thomson rivers.	18.7	20.0	6.7
Sustainable Management of Victoria's Parks – Renew (Statewide)	8.4	5.1	-39.7	This program did not have a significant underspend as most of the remainder of budgeted expenditure for 2008-09 was instead spent as output funding.	31.4	55.2	27.8

Project	BIP No 1 Budget 2008-09 estimated expenditure (\$ million)	2008-09 Actual expenditure (\$ million)	Variance (%)	Explanation for variance	Expenditure 2005-06 to 2007-08 (\$ million)	Total Estimated Investment (\$ million)	Remaining expenditure (%)
Sustainable Water Initiatives – Maintenance (Statewide)	4.5	0	-100.0	In 2008-09 this program was expected to fund works associated with the Werribee Vision Project. Approvals for stage one and two have been completed with the last four stages still requiring approval prior to the allocation of funding. Funding has been carried over into 2009-10 to allow for gaining the necessary approvals.	0	18.2	75.1
Victorian Water Trust Assets – Upgrades (various)	16.3	6.0	-63.0	This funding was allocated to a range of output initiatives. In addition, funding was carried over into 2009-10 for further development on business cases for projects.	104.2	152.6	8.4
Wonthaggi Desalination Project	30.0	0	0.0	The Desalination Plant is being delivered through a Public Private Partnership. ^(d)	2.0	32.0	0.0
Department of Transport^(e)							
Accessible Public Transport in Victoria: Disability Discrimination Act (DDA) Compliance for Train, Tram and Bus (statewide)	41.8	33.3	-20.3	Reflects impact of acceleration of works in 2007-08.	56.4	129.2	30.5

Project	BIP No 1 Budget 2008-09 estimated expenditure (\$ million)	2008-09 Actual expenditure (\$ million)	Variance (%)	Explanation for variance	Expenditure 2005-06 to 2007-08 (\$ million)	Total Estimated Investment (\$ million)	Remaining expenditure (%)
Barwon Heads Bridge Replacement (Barwon Heads)	13.9	2.8	-79.9	Finalisation of the bridge design was delayed by the heritage permit approval process and additional consultation with the community over the design. The design has been finalised, the permit issued and the contract awarded in May 2009.	3.2	22.3	73.1
Berwick Cranbourne Road Duplication (3km – 5 km) – Pound Rd to Thompsons Rd (Cranbourne North, Clyde North)	4.9	3.7	-24.5	Project is now open to traffic.	8.7	15.0	17.3
Breakwater Road Upgrade (Belmont, Geelong)	10.0	1.9	-81.0	Due to longer than expected planning scheme amendment approvals and additional consultation on projects design with affected landowners.	2.1	40.0	90.0
Caulfield–Dandenong Rail Corridor Stage Two – Westall Rail Upgrade (Springvale)	19.6	6.8	-65.3	Revised contract approval timelines.	0	151.1	95.4
Caulfield–Dandenong Rail Corridor – Stage One – Cranbourne Stabling and Station Upgrade (Cranbourne)	25.0	21.5	-14.0	Project completed – final claims only remain.	11.6	35.1	5.7
Congestion Improvements Program (various)	14.4	9.2	-36.1	Delivery for some projects rescheduled due to finalisation of scope and council approvals.	2.2	30.0	62.0

Project	BIP No 1 Budget 2008-09 estimated expenditure (\$ million)	2008-09 Actual expenditure (\$ million)	Variance		Explanation for variance	Expenditure 2005-06 to 2007-08 (\$ million)	Total Estimated Investment (\$ million)	Remaining expenditure (%)
				(%)				
Coolaroo Station (Coolaroo)	10.0	6.9	-31.0		Award of main contract has now occurred.	0.1	36.0	80.8
Country Rail Freight Network Maintenance (non Metro various)	23.7	18.6	-21.5		Upgrade of gold lines completed. Remaining budget applied to the upgrade of silver lines as part of the 2009-10 Budget.	0	23.7	21.5
Craigieburn Station Track Upgrade (Craigieburn)	13.0	9.4	-27.7		Reflects rescheduling of activities to 2009-10.	0	29.8	68.1
Cranbourne Frankston Road Duplication (10.2km-11.9km) – Centre Rd to Western Port Hwy (Langwarrin)	2.9	1.9	-34.5		Project completed ahead of schedule.	6.8	11.4	23.7
Cranbourne Frankston Road Duplication (Hall Road and the Western Port Highway)	10.8	7.1	-34.3		Minor rescheduling.	2.3	30.0	68.7
Ferntree Gully Road Widening – Jells Road to Stud Road (Scoresby)	24.4	12.6	-48.4		Service relocation activities rescheduled following the February 2009 bush fires.	5.6	32.0	42.8
Geelong Rail Access Improvement Project (Corio/North Geelong)	18.7	15.0	-19.8		Main works completed December 2008, link of Corio goods line with wharves completed June 2009.	10.8	33.4	21.3
Geelong Ring Road Stage 4B (Anglesea Road to Princes Highway West, City of Greater Geelong)	5.0	1.1	-78.0		Rescheduling of some planning activities to 2009-10.	0	65.0	98.3

Project	BIP No 1 Budget 2008-09 estimated expenditure (\$ million)	2008-09 Actual expenditure (\$ million)	Variance (%)	Explanation for variance	Expenditure 2005-06 to 2007-08 (\$ million)	Total Estimated Investment (\$ million)	Remaining expenditure (%)
George Street Bridge – New Bridge to link George Street to Brighton Road (Dandenong)	6.0	3.1	-48.3	Minor rescheduling. Contracts now awarded.	8.8	17.5	32.6
Laverton Rail Upgrade (Laverton)	23.1	16.9	-26.8	Reflects rescheduling of activities to 2009-10.	0	92.0	81.6
Metropolitan Train Control Reliability (Melbourne)	28.4	15.5	-45.4	Reschedule of activities to 2009-10.	18.2	87.9	61.7
Metropolitan Train Safety Communications System (Metro various)	48.3	23.6	-51.1	Payments have been re-phased based on contract milestones.	12.5	134.9	73.2
Metropolitan Train Services (Metro various)	123.5	105.5	-14.6	Minor rescheduling.	32.5	565.8	75.6
Murray River Bridge Replacements – Crossings (Corowa, Echuca and Robinvale)	3.0	0	-100.0	Project impacted by stakeholder and planning issues relating to bridge alignment.	0	15.0	100.0
New Ticketing Solution – Technology and Installation (Statewide)	149.9	81.2	-45.8	Reflects changes to project scheduling following rollout in regional Victoria.	153.3	460.9	44.0
North East Rail Revitalisation Project (various)	18.2	11.3	-37.9	Rescheduling of works by the Australian Rail Track Corporation (ARTC).	0	59.8	81.1
North Melbourne Station Interchange Upgrade (North Melbourne)	10.0	8.5	-15.0	Reschedule of some works into 2009-10. Project completed November 2009.	28.6	38.6	3.9

Project	BIP No 1 Budget 2008-09 estimated expenditure (\$ million)	2008-09 Actual expenditure (\$ million)	Variance		Explanation for variance	Expenditure 2005-06 to 2007-08 (\$ million)	Total Estimated Investment (\$ million)	Remaining expenditure (%)
				(%)				
Princes Highway West – Stage 1 (Waurin Ponds to Winchelsea, City of Greater Geelong, Geelong)	5.0	0.2	-96.0		Rescheduling of some planning and development activities to 2009-10.	0	110.0	99.8
Regional Arterial Road and Bridge Links (non-Metro various)	1.9	1.6	-15.8		Rescheduling of planning activities for the Echuca–Moama Bridge project.	8.6	41.9	8.1
SmartBus: Green Orbital – Nunawading to Airport West (Metro various)	13.6	9.5	-30.1		Rescheduling of activities to 2009-10.	1.8	29.3	61.8
Taylor's Road (15.2km to 15.8km) – Bypass/New Road – Sydenham Rd to East Esplanade – Grade Separation (St Albans)	8.1	4.7	-42.0		Project completed November 2008.	37.3	54.0	22.2
Tram and Bus Priority Program (Metro various)	6.0	3.8	-36.7		Minor rescheduling.	0	36.2	89.5
Vigilance Control and Event Recording System (VICERS) on Metropolitan Trains (Metro various)	20.0	6.6	-67.0		Rescheduling to align with train availability.	14.3	37.3	43.7
Western Port Highway Duplication (0km–4km) Cranbourne Frankston Rd to North Rd (Langwarrin, Cranbourne South)	18.7	9.7	-48.1		Project completed.	17.9	36.8	25.0

Notes:

- (a) TEIs for the Department of Human Services are revised rather than original figures.
- (b) Figure reported as 0 by the Department – this figure comes from Department of Treasury and Finance, Budget Information Paper No. 1 – Public Sector Asset Investment Program 2008-09, pp. 40–1; explanation for variance from Department's response to questionnaire part 2, question 2.1(h).
- (c) TEIs for the Department of Justice and the Department of Transport are as published in the 2008-09 Budget Information Paper No. 1.
- (d) Information supplied by the Committee.

Source: Departmental responses to the Committee's 2008-09 Financial and Performance Outcomes Questionnaire – Part Two, except where noted

3.3.2 Major infrastructure projects with actual expenditure higher than estimated in 2008-09

There were 39 projects (20 per cent) in 2008-09 in which departments spent in excess of 10 per cent more than had been estimated (see Table 3.2). Together they amounted to \$190.8 million more being spent than budgeted.⁴⁷ Table 3.6 provides a summary by department. Table 3.7 provides detailed explanations by department for these variances.

The main reason given for over-expenditure was projects proceeding ahead of schedule, with 72 per cent of project over-expenditures attributed to this cause (see Table 3.6). In many cases, favourable building conditions were cited as the reason. In some cases this meant that projects' end-dates could be brought forward, but in many instances the end-date remained unchanged.

Table 3.6: Major infrastructure projects with variances in over-expenditure greater than 10 per cent, by department

Department	Projects proceeding ahead of schedule	Other reasons for higher expenditure	Total
Education and Early Childhood Development	4	3	7
Human Services	16	0	16
Innovation, Industry and Regional Development	2	0	2
Justice	2	1	3
Planning and Community Development	0	0	0
Premier and Cabinet	0	0	0
Primary Industries	0	0	0
Sustainability and Environment	0	0	0
Transport	4	7	11
Treasury and Finance	0	0	0
Total (No.)	28	11	39
Total (%)	71.8	28.2	100

Source: Departmental responses to the Committee's 2008-09 Financial and Performance Outcomes Questionnaire – Part Two

⁴⁷ An additional \$16.4 million more than budgeted was spent on projects which over-spent by less than 10 per cent.

Other reasons provided for higher-than-estimated expenditure included:

- under-expenditure in 2007-08 leading to funds being carried forward to 2008-09 and spent then;
- unanticipated needs to remove high-risk site contaminants from construction sites;
- alterations to the schedule or milestones leading to adjusted cash flows;
- additional design and investigation activities being required; and
- land acquisition costing more than originally estimated.

Table 3.7: Major infrastructure projects with actual expenditure higher than estimated in 2008-09

Project	BIP No 1 Budget 2008-09 estimated expenditure (\$ million)	2008-09 Actual expenditure (\$ million)	Variance (%)	Explanation for variance	Expenditure 2005-06 to 2007-08 (\$ million)	Total Estimated Investment (\$ million)	Remaining expenditure (%)
Department of Education and Early Childhood Development							
Bendigo Education Plan – Flora Hill – Flora Hill and Golden Square Secondary College (Flora Hill)	2.8	5.3	90.5	Variance is due to tendering and construction work proceeding ahead of schedule.	0.0	10.0	46.5
Broadmeadows Regeneration – Hume Senior Campus – Broadmeadows Secondary College, Hillcrest Secondary College, Erinbank Secondary College – Stage 1 (Westmeadows)	1.1	2.6	133.2	Variance is due to construction work proceeding ahead of schedule.	0.0	12.0	78.1
Maribymong Secondary College – Sports School at Maribymong (Maribymong)	4.8	9.6	99.1	The construction timeline was amended due to latent site conditions. The approved TEI is now \$ 14.674M. The TEI increase and expenditure variance are both due to costs associated with removal of high-risk site contaminants. The TEI increase (\$4.674M) was able to be funded from savings from other projects	2.2	10.0	-18.4
Relocatable Classroom Renewal (various)	4.2	4.6	10.2	–	0.0	26.0	82.2
Technical Wings and Trade Equipment for Government Schools – (various)	1.0	1.2	16.7	Variance is due to construction work proceeding ahead of schedule.	15.0	50.0	67.7

Project	BIP No 1 Budget 2008-09 estimated expenditure (\$ million)	2008-09 Actual expenditure (\$ million)	Variance (%)	Explanation for variance	Expenditure 2005-06 to 2007-08 (\$ million)	Total Estimated Investment (\$ million)	Remaining expenditure (%)
Ultrahet (various schools)	11.0	13.4	21.9	Following the completion of negotiations, a contract was signed in June 2009 and payments made in accordance with the terms of the contract. The BIP 1 2008-09 estimate was supplemented by a carry forward of funds from 2007-08.	3.4	60.5	72.2
Victorian College of the Arts Secondary School (VCASS) and Other Projects – Replacement School (Southbank)	11.3	12.9	14.8	Variance is due to construction work proceeding ahead of schedule.	5.3	20.0	9.0
Department of Human Services^(a)							
Box Hill Hospital Outpatients and Dialysis Centre and Associated Works (Box Hill)	1.5	2.0	34.4	Favourable building conditions allowed early works to be accelerated for initial stages of construction. Main construction works completed in June 2008 according to schedule. Major planning work to be undertaken as part of the overall redevelopment of the site. Anticipated to be completed by March 2010.	35.8	38.2	1.2
Caulfield General Medical Centre Logistics Building and Associated Works (Caulfield)	1.4	1.6	14.9	Favourable building conditions allowed early works to be accelerated for initial stages of construction. Main construction works are progressing to schedule, with the project end-date remaining unchanged.	20.9	23.5	4.0

Project	BIP No 1 Budget 2008-09 estimated expenditure (\$ million)	2008-09 Actual expenditure (\$ million)	Variance (%)	Explanation for variance	Expenditure 2005-06 to 2007-08 (\$ million)	Total Estimated Investment (\$ million)	Remaining expenditure	
								(%)
Caulfield General Medical Centre Redevelopment Stage 2 (Caulfield)	5.0	7.7	53.1	Favourable building conditions allowed early works to be accelerated for initial stages of construction. Main construction works are progressing to schedule, with the project end-date remaining unchanged.	1.7	28.0		66.8
Dandenong Hospital Emergency Department Redevelopment (Dandenong)	0.9	1.8	99.0	Favourable building conditions allowed early works to be accelerated for initial stages of construction. Main construction works are progressing to schedule, with the project end-date remaining unchanged.	0.0	25.0		92.8
Frankston Hospital Stage 2 (Operating Theatre Expansion and Critical Care Redevelopment) (Frankston)	11.0	13.9	26.3	Favourable building conditions allowed early works to be accelerated for initial stages of construction. Main construction works are progressing ahead of schedule. Project anticipated to be completed by September 2010.	6.7	45.0		54.3
Kingston Centre Kitchen Upgrade and Associated Works (Heatherton)	8.0	14.0	74.7	Favourable building conditions allowed early works to be accelerated for initial stages of construction. Main construction works are progressing to schedule, with the project end-date remaining unchanged.	11.5	32.8		22.4
Kingston Centre Redevelopment – Stage 2 (Cheltenham)	2.2	2.7	24.6	Favourable building conditions allowed early works to be accelerated for initial stages of construction. Main construction works are progressing to schedule, with the project end-date remaining unchanged.	0.0	45.0		94.0

Project	BIP No 1 Budget 2008-09 estimated expenditure (\$ million)	2008-09 Actual expenditure (\$ million)	Variance (%)	Explanation for variance	Expenditure 2005-06 to 2007-08 (\$ million)	Total Estimated Investment (\$ million)	Remaining expenditure (%)
Latrobe Community Health Service – Morwell Redevelopment (Morwell)	2.0	6.7	237.4	Favourable building conditions allowed early works to be accelerated for initial stages of construction. Main construction works are progressing to schedule, with the project end-date remaining unchanged.	0.0	21.0	67.9
Nathalia District Hospital and Aged Care Redevelopment (Nathalia)	7.0	7.8	11.1	Favourable building conditions allowed early works to be accelerated for initial stages of construction. Construction works completed in December 2009, ahead of schedule. Project in financial completion phase.	2.4	18.0	43.6
Northern Hospital – Mental Health Expansion and Short Stay Unit Construction (Epping)	4.1	9.4	128.4	Favourable building conditions allowed early works to be accelerated for initial stages of construction. Main construction works are progressing to schedule, with the project end-date remaining unchanged.	1.5	27.9	61.0
Olivia Newton-John Cancer Centre (Heidelberg)	5.0	6.1	22.5	Favourable building conditions allowed early works to be accelerated for initial stages of construction. Main construction works are progressing to schedule, with the project end-date remaining unchanged.	0.0	25.0	75.5
Peninsula Community Health Service Redevelopment (Hastings)	6.0	7.8	30.3	Favourable building conditions allowed early works to be accelerated for initial stages of construction. The facility was officially opened in September 2009, ahead of schedule. Project in financial completion phase.	3.2	13.0	15.2

Project	BIP No 1 Budget 2008-09 estimated expenditure (\$ million)	2008-09 Actual expenditure (\$ million)	Variance (%)	Explanation for variance	Expenditure 2005-06 to 2007-08 (\$ million)	Total Estimated Investment (\$ million)	Remaining expenditure (%)
Royal Melbourne Hospital Emergency Department Redevelopment (Parkville)	23.8	26.6	11.7	Favourable building conditions allowed early works to be accelerated for initial stages of construction. All construction works complete with the facility officially opened in October 2009. Project is in financial completion phase.	25.5	54.7	4.7
Stawell Health and Community Centre Redevelopment (Stawell)	10.0	12.9	28.6	Favourable building conditions allowed early works to be accelerated for initial stages of construction. Main construction works are progressing to revised schedule.	2.6	20.0	22.8
Sunbury Day Hospital (Sunbury)	1.0	2.4	142.7	Original cash flows for the project were conservatively based for early stages. Main construction works are progressing to schedule, with the project end-date remaining unchanged.	0.0	14.0	82.7
Western Hospital Redevelopment Stage 1 (Footscray)	3.1	16.4	437.7	Accelerated cash flow due to construction works on priority infrastructure upgrades advancing ahead of schedule. Proactive management allowed physical works to commence earlier. Project is progressing to schedule with the project end-date remaining unchanged.	4.0	24.8	17.4
Department of Innovation, Industry and Regional Development							
Bendigo Institute of TAFE – Charleston Road Campus redevelopment (Bendigo)	0.8	0.9	11.5	Variance as a result of the project being slightly ahead of schedule.	0.0	11.0	91.1

Project	BIP No 1 Budget 2008-09 estimated expenditure (\$ million)	2008-09 Actual expenditure (\$ million)	Variance (%)	Explanation for variance	Expenditure 2005-06 to 2007-08 (\$ million)	Total Estimated Investment (\$ million)	Remaining expenditure (%)
South West Institute of TAFE – Warrnambool Stage 3 redevelopment (State funded component)	2.5	8.7	247.3	The 2008-09 estimated expenditure did not include any unspent carryover from 2007-08. The project experienced significant delays during 2007-08 which resulted in a significant underspend. The budget was subsequently rephased to incorporate a revised budget for 2008-09 of \$7.37 million. Over expenditure resulted from the project being ahead of the revised schedule.	1.1	11.0	10.8
Department of Justice^(b)							
Brunswick and Collingwood Police Complexes – Upgrades (Brunswick and Collingwood)	2.6	3.8	44.1	Project incurred additional costs as a result of identification and disposal of hazardous materials (asbestos) and concealed redundant plant and equipment.	4.9	12.2	0.0
Organised Crime and Counter Terrorism – Asset Enhancement (Statewide)	0.2	2.2	1225.6	Although overall project was delivered behind schedule, the annual 2008-09 project schedule was accelerated, resulting in the 2008-09 overspend variance. The TEI for this project was revised to \$17.288m as part of the mid-year budget update.	14.3	15.4	0.0
Police Stations Priority Upgrade Program – Asset Enhancement (Statewide)	2.0	3.4	71.6	Project schedule was accelerated. This has not affected the completion date.	0.0	10.0	65.7
Department of Transport^(b)							
Bass Highway Duplication – Stage 1 King Road to Woolmer Road (Bass, Anderson)	9.0	10.6	17.8	Minor rescheduling.	6.0	27.1	38.4

Project	BIP No 1 Budget 2008-09 estimated expenditure (\$ million)	2008-09 Actual expenditure (\$ million)	Variance (%)	Explanation for variance	Expenditure 2005-06 to 2007-08 (\$ million)	Total Estimated Investment (\$ million)	Remaining expenditure (%)
Bass Highway Duplication Stage 5 – Grantville to King Road (Grantville)	2.7	6.3	133.3	Project completed.	17.2	23.6	0.0
Calder Highway Upgrade	18.3	26.2	43.2	Rescheduling of land sales to 2009/10.	246.2	306.2	1.0
Dynon Port Rail Link (Melbourne)	34.5	40.2	16.5	Project completed July 2009.	83.8	125.1	0.0
Nepean Hwy Bridge Replacement– Mordialloc Creek (Kingston City)	3.2	3.7	15.6	Acceleration of works during 2008-09.	6.5	10.2	0.0
Pound Road – South Gippsland Highway – South Gippsland Freeway Intersection Upgrade (Dandenong)	1.3	1.6	23.1	Additional design and investigation activities were undertaken.	0.0	36.8	95.7
Regional Rollingstock (non-Metro various)	23.8	27.4	15.1	Payments have been rephased based on contract milestones.	55.2	100.2	17.5
Safer Road Infrastructure Program 3 (various)	80.0	101.9	27.4	Ahead of budget during 2008-09 as a result of the acceleration of works.	55.0	722.2	78.3
West Gate – Monash Freeways Improvement Package (Metro various)	360.2	411.1	14.1	Ahead of budget during 2008-09 as a result of the acceleration of works.	160.8	1100.0	48.0
Western Highway Realignment – Anthony’s Cutting (Melton to Bacchus Marsh)	5.0	7.7	54.0	Land acquisition slightly higher than estimated.	0.0	40.0	80.8

Project	BIP No 1 Budget 2008-09 estimated expenditure (\$ million)	2008-09 Actual expenditure (\$ million)	Variance		Explanation for variance	Expenditure 2005-06 to 2007-08 (\$ million)	Total Estimated Investment (\$ million)	Remaining expenditure (%)
				(%)				
Western Highway: Deer Park Bypass and Leakes Road Interchange Upgrade (Deer Park)	95.1	114.9		20.8	Project completed April 2009 ahead of schedule.	231.6	331.0	0.0

Notes:

- (a) TEIs for the Department of Human Services are revised rather than original figures
- (b) TEIs for the Department of Justice and the Department of Transport are as published in the 2008-09 Budget Information Paper No. 1
- Source: Departmental responses to the Committee's 2008-09 Financial and Performance Outcomes Questionnaire – Part Two and clarification questions

3.4. Major infrastructure projects with revised completion dates

The Committee sought information from departments regarding infrastructure projects with TEIs in excess of \$10 million and budgeted expenditure in 2008-09 which had revised completion dates. In total, there were 94 projects with revised completion dates. Completion dates were brought forward in 24 cases (26 per cent) and postponed in 70 cases (74 per cent). A breakdown by department can be seen in Table 3.8.

Table 3.8: Major infrastructure projects' completion dates compared to original estimates (summary)

Department	Total projects	Brought forward	On time	Delayed
	(No.)	(%)	(%)	(%)
Education and Early Childhood Development ^(a)	22	0.0	50.0	45.5
Human Services	52	17.3	53.8	28.8
Innovation, Industry and Regional Development	12	0.0	25.0	75.0
Justice	22	4.5	45.5	50.0
Planning and Community Development	3	0.0	33.3	66.7
Premier and Cabinet	2	0.0	50.0	50.0
Primary Industries	1	0.0	100.0	0.0
Sustainability and Environment	19	26.3	73.7	0.0
Transport	61	14.8	49.2	36.1
Treasury and Finance	0	0.0	1.0	2.0
Total	194	12.4	51.0	36.1

Note: (a) Details of the expected completion date for one project were not supplied.

Source: Departmental responses to the Committee's 2008-09 Financial and Performance Outcomes Questionnaire – Part Two

The Committee asked departments to provide the reasons for the revised end-dates and these have been presented in Table 3.9 and Table 3.10.

The Committee notes that most departments provided limited meaningful information regarding why works were accelerated.

A range of explanations was provided for those projects that were delayed. In a number of cases, the cause of delays was beyond the control of the project. Issues such as the discovery of asbestos and soil contamination delayed some building projects. Some road works were delayed by adverse weather conditions. In other cases, delays were caused by timber that had been thought to be reusable proving not to be and the discovery of the remains of an early courthouse requiring an archaeological survey.

Delays were also caused by agencies which were beyond the State Government's control, such as other agencies undertaking projects on adjacent or connected sites, delays to funding from the Commonwealth Government and private companies being placed into administration. Similarly, delays to council approvals, a university taking longer than expected to finalise a project's scope and objections being taken to the Victorian Civil and Administrative Tribunal may also have been beyond the control of the departments.

The Committee also notes, however, that a number of the explanations provided by departments suggest issues with planning processes on the departments' part. These included:

- finalisation of tender documents taking longer than expected;
- redesigns of projects and revisions of project scope; and
- projects having to be revised because tenders exceeded project budgets.

The Committee notes that in some cases, these issues caused significant delays, with a number of projects experiencing delays of one to two years for these reasons.

In addition, whilst delays connected with getting other agencies on board and due to town planning issues may in some cases be beyond government departments' control, in other cases such matters may be reflective of poor planning or poor project execution by departments. A number of these delays also resulted in the postponement of project completion dates by one to two years.

Almost 63 per cent of projects with delays also had under-spends on their 2008-09 budgets (see Table 3.3), highlighting the inter-connectedness of timeliness and budgets. The Committee notes that there are times when unforeseeable events occur which can delay projects. However, it would appear that there is scope for improvement in departments' project planning processes to reduce the number of delays.

The Committee also enquired specifically about projects for which departments had reported revised completion dates to the Committee in 2007-08.⁴⁸ Of the 37 projects that continued into 2008-09 where completion dates had previously been revised, approximately half were revised again in 2008-09. Six projects (16 per cent) had completion dates brought forward and 13 projects (35 per cent) had the completion dates further postponed.⁴⁹

The explanations for these revisions were similar to those generally provided for project delays, primarily adjustments to project scope and site contamination. Delays associated with finalising agency participation and contractors being unable to start when originally planned also contributed.⁵⁰

As with the delays in general, some of these factors are unforeseeable, but some may be avoidable with improved project planning processes. This further emphasises the importance of departments having access to expert guidance both at project initiation and throughout the management of projects, as discussed further in Section 3.5.

48 See Public Accounts and Estimates Committee, *Report on the 2007-08 Financial and Performance Outcomes*, May 2009, pp.97-101

49 Departmental responses to the Committee's 2008-09 Financial and Performance Outcomes Questionnaire – Part Two

50 *ibid.*

Table 3.9: Major infrastructure projects with completion dates brought forward

Project	Original completion date	Revised completion date (if applicable)	Explanation for revision
Department of Human Services			
Northern Hospital Redevelopment Stage 2a (Epping)	Jul-07	Apr-07	Construction complete and operational. Project is in financial completion phase.
Grovedale Aged Care Facility Development (Grovedale)	Jun-08	May-08	Construction complete. Project is in financial completion phase.
Leongatha Hospital Campus Stage 1 Residential Aged Care (Leongatha)	Feb-10	Apr-09	All construction works complete ahead of original timelines. Project in financial completion phase.
Alfred Centre Stage 2 (Prahran)	Jun-10	Jun-09	First stage of construction progressed ahead of schedule. Project completed ahead of original timelines.
Peninsula Community Health Service Redevelopment (Hastings)	Apr-10	Oct-09	Favourable building conditions allowed early works to be accelerated for initial stages of construction. The facility was officially opened in September 2009, ahead of schedule. Project in financial completion phase.
Royal Melbourne Hospital Emergency Department Redevelopment (Parkville)	Dec-09	Oct-09	Favourable building conditions allowed early works to be accelerated for initial stages of construction. All construction works completed ahead of schedule, with the facility officially opened in October 2009. Project is in financial completion phase.
Nathalia District Hospital and Aged Care Redevelopment (Nathalia)	Mar-10	Dec-09	Favourable building conditions allowed early works to be accelerated for initial stages of construction. All construction works completed ahead of schedule, with the facility officially opened in October 2009. Project is in financial completion phase.
Placement and Support Residential Facility Renewal Strategy – Stage 6 (Statewide)	Mar-11	Mar-10	Eleven of the planned fourteen houses are completed and occupied. Remaining houses scheduled to be completed in March 2010. This project was completed ahead of the original forecast completion date due to favourable building conditions.
Frankston Hospital Stage 2 (Operating Theatre Expansion and Critical Care Redevelopment) (Frankston)	Feb-11	Sep-10	Main construction works are progressing ahead of schedule, for completion by September 2010.
Department of Sustainability and Environment			
Melbourne Zoo Seal Pool Redevelopment - Construction (Parkville)	Jun-10	Dec-09	The project was completed ahead of schedule due to the Zoo using its internal labour to fast track the landscaping and interpretation work. In addition, the seals and penguins settled well into the new facility and therefore the exhibit could open ahead of schedule.

Project	Original completion date	Revised completion date (if applicable)	Explanation for revision
National Water Initiative - Macalister - Construction (Boisdale)	End of 2011	Dec-10	The Commonwealth and State agreed to provide funding to enable accelerated milestones.
Sustainable Water Initiatives - Maintenance (Statewide)	Jun-12	Jun-11	The timing of available funding will allow the works to be completed by June 2011.
Wimmera-Mallee Pipeline Project - State Component - Construction (Mallee/Wimmera)	Jun-15	Apr-10	The Commonwealth and State brought forward funding so the project could be accelerated in recognition of the unprecedented drought and the urgent need to secure water supply for the Wimmera-Mallee region.
Wimmera-Mallee Pipeline Project - Commonwealth Component - Construction (Mallee/Wimmera)	Jun-15	Apr-10	The Commonwealth and State brought forward funding earlier so the project could be accelerated in recognition of the unprecedented drought and the urgent need to secure water supply for the Wimmera-Mallee region
Department of Transport			
Caulfield-Dandenong Rail Corridor – Stage One – Cranbourne Stabling and Station Upgrade (Cranbourne)	Jun-09	Late 2008	Project accelerated and completed ahead of schedule.
Cranbourne Frankston Road Duplication (10.2km–11.9km) – Centre Rd to Western Port Hwy (Langwarrin)	Feb-09	Late 2008	Project completed.
Derrimut Road Duplication (3.5km–5.12km) – Hogans Rd to Sayers Rd (Hoppers Crossing)	Mar-09	Late 2008	Project accelerated and completed ahead of schedule.
Duplication of Thompson Road – Cranbourne	Dec-09	Mid 2009	Road opened mid 2009.
Geelong Ring Road – Bypass/New Road (Geelong)	Dec-09	Mid 2009	Project completed.
Hume Highway – Donnybrook Road Interchange – Grade Separation (Beveridge, Craigieburn)	Jun-09	Early 2009	Project completed.
North Melbourne Station Interchange Upgrade (North Melbourne)	Dec-10	Late 2009	Project completed.

Project	Original completion date	Revised completion date (if applicable)	Explanation for revision
Track Duplication: Clifton Hill to Westgarth (Metro various)	Jun-10	Mid 2009	Trains began running over the new bridge in Jan 2009, with practical completion by mid 2009. Only minor works for completion early 2010.
Western Highway: Deer Park Bypass and Leakes Road Interchange Upgrade (Deer Park)	Dec-09	1 st half 2009	Project completed ahead of schedule.

Source: Departmental responses to the Committee's 2008-09 Financial and Performance Outcomes Questionnaire – Part Two and clarification questions

Table 3.10: Major infrastructure projects with completion dates delayed

Project	Original completion date	Revised completion date (if applicable)	Explanation for revision
Department of Education and Early Childhood Development			
Albert Park Secondary College - Replacement Schools (Albert Park)	May-10	Sep-10	Site contamination required more complex remediation and delayed the construction commencement.
Bendigo Education Plan - Regeneration - Kangaroo Flat Secondary College (Kangaroo Flat)	May-09	Sep-10	Finalisation of tender documents taking longer than originally anticipated.
Broadmeadows Regeneration - Regeneration - Broadmeadows Secondary College and Broadmeadows Primary School (Broadmeadows)	Mar-09	Sep-09	An early childhood centre was added as a variance to the project scope.
Broadmeadows Regeneration - Regeneration - Erinbank Secondary College and Hillcrest Secondary College (Broadmeadows)	Sep-09	Nov-09	Stage 2 of construction was awarded to the same builder, who was working on both sites concurrently, which delayed the completion of stage 1.
Maribyrnong Secondary College - Sports School at Maribyrnong (Maribyrnong)	Dec-09	Apr-10	The construction timeline was amended due to latent site conditions.
Western Heights Regeneration - Regeneration - Western Heights Secondary College - Three Campuses (Hamlyn Heights)	Dec-10	Mar-11	Resolution of the Joint Use Agreement and land purchase issues with the City of Greater Geelong was achieved and construction commenced.
Bendigo Education Plan - Eaglehawk - Eaglehawk Secondary College - Stage 2 (Eaglehawk)	May-09	Sep-10	Finalisation of tender documents taking longer than originally anticipated.
Bendigo Education Plan - Kangaroo Flat - Kangaroo Flat Secondary College - Stage 2 (Kangaroo Flat)	May-09	Sep-10	Finalisation of tender documents taking longer than originally anticipated.
Dandenong - Regeneration - Dandenong High, Cleeland Secondary College and Doveton Secondary College - Stage 2 (Dandenong)	Jun-10	Jan-11	Delay in awarding the contract as the scope of work changed at the design and development stage.

Project	Original completion date	Revised completion date (if applicable)	Explanation for revision
John Monash Science School - Monash University, Clayton Campus (Clayton)	Nov-09	Mar-10	Project completion revised due to adjacent works being completed by Monash University.
Department of Human Services			
Box Hill Hospital Outpatients and Dialysis Centre and Associated Works (Box Hill)	Jun-08	Mar-10	Favourable building conditions allowed early works to be accelerated for initial stages of construction. Main construction works completed in June 2008 according to schedule. Major planning work to be undertaken as part of the overall redevelopment of the site. Anticipated to be completed by March 2010.
Caulfield General Medical Centre Logistics Building and Associated Works (Caulfield)	Mar-08	Dec-09	A revision of the service plan resulted in a further review of the masterplan, delaying the full site development. Overall, the project was completed by its revised end-date of December 2009.
Caulfield General Medical Centre Redevelopment Stage 2 (Caulfield)	Nov-10	Dec-10	Project progressing to schedule.
Disability Services Strategic Refurbishment and Replacement Program Stage 2 (Statewide)	Mar-09	Feb-10	The Innovative Housing Opportunities Program (IHOP) portion of the project has been amended to February 2010, due to finalisation of the target client group and incorporation into the Department's public and social housing development program.
Eastern Health Mental Health Redevelopment Stage 1 (Box Hill, Ringwood East)	Apr-09	Jun-09	Some minor delays to the project were experienced due to gender sensitivity issues identified as part of the design development phase. These issues were required to be addressed in consultation with the agency before the design project could be finalised and construction commenced.
Electronic Prescribing in Key Victorian Hospitals (Statewide)	Jun-09	Dec-10	Delays associated with finalising agency participation resulted in delays. Project expected to be completed by Dec 2010.
Geelong Hospital Emergency Department Redevelopment (Geelong)	Dec-08	Mar-09	Project complete and is in financial completion phase. Minor defect and fault report is the reason for the revised completion date of March 2009.
Grace McKellar Centre – Redevelopment Stage 2 (Geelong)	Jun-07	Jun-09	The main project redevelopment was complete and facilities operational in June 2007 according to schedule. A number of minor enhancements/minor works identified within the original masterplan were undertaken following completion of the main facility, delaying overall financial completion of the project. All works have now been completed.
Kew Residential Services Redevelopment (Kew)	Apr-08	Jun-09	Delays to construction of the on-site houses arose during the project due to change in ownership of the lead contractor. The off-site houses were completed according to the original schedule, with on-site houses completed by the revised end-date.

Project	Original completion date	Revised completion date (if applicable)	Explanation for revision
Kingston Centre Kitchen Upgrade and Associated Works (Heatherton)	Dec-08	Dec-10	Critical additional infrastructure works, as well as cost overruns associated with tender on Production Kitchen has caused delays to the overall project and TEI. Additional TEI has been funded from tender savings from the Casey Aged Care Development. Works are progressing to revised program and scheduled for completion in late 2010.
North Richmond Community Health Centre Relocation (North Richmond)	Dec-09	Dec-11	Town planning issues affected progression of the project, resulting in an overall delay. Facility redesign and escalation of construction costs over the extended development period has resulted in increased costs for the overall project. Additional TEI has been funded from savings within other TEI funded projects. An alternate site has been identified and the project has recommenced.
Rochester and Eimore District Health Service : Rochester Theatre and Hospital Redevelopment (Rochester)	Sep-09	Mar-10	Asbestos discovered during demolition works has resulted in a revised end-date of Mar-2010.
Stawell Health and Community Centre Redevelopment (Stawell)	Dec-09	Feb-10	Minor delays experienced due to unforeseen site conditions. Progressing to revised schedule, with a practical completion date of February 2010.
Warracknabeal Nursing Home Stage 1 Redevelopment (Warracknabeal)	May-08	Jun-09	Redesigns on planning options caused initial construction delays. Main construction works completed within original timelines. Project is in financial completion/defect liability phase.
Warrambool Hospital Redevelopment –Stage 1 (Warrambool)	Sep-10	Feb-11	Finalisation and procurement of a new site for the ambulance station has resulted in an overall delay to the project. All works completed except for the completion of the new ambulance station. Anticipated to be completed by February 2011.
Department of Innovation, Industry and Regional Development			
Automotive Centre of Excellence, Kangan Batman TAFE (Docklands) – Stage 2	Jun-11	Sep-11	The project has been delayed due to the necessary remediation of soil contamination around a decommissioned main trunk sewer.
Bendigo Institute of TAFE – Charleston Road Campus redevelopment (Bendigo)	Jun-09	Jun-11	A delay in completing the tender documentation has been experienced. Project anticipated to be completed by June 2011. The project was originally funded for \$6.0 million with a completion date of June 2009. A review of the project scope resulted in the additional State funding of \$5.0 million with a consequent later completion date.

Project	Original completion date	Revised completion date (if applicable)	Explanation for revision
Chisholm Institute of TAFE – Trade (Automotive & Logistics) Training Centre (Dandenong) – Commonwealth supported project	Dec-09	Jun-11	The delay to the project can be attributed to: <ul style="list-style-type: none"> The design team was unable to meet documentation milestone dates due to uncertainty at the TAFE on the final project scope; and construction tenders received exceeded the project budget and the design was subjected to an extensive value management process. A builder has now been appointed and construction progress claims will ensure a steady cash flow.
Northern Melbourne Institute of TAFE – Campus redevelopment Stage 1 (Epping)	Jan-11	Jun-11	There was a delay of approximately six weeks while Value Management Study took place. The design team was unable to meet the documentation milestone dates. The tenders received exceeded the project budget and the design has been subjected to an extensive value management process which has added six months to the project program.
Princess Pier Restoration (Port Melbourne)	Dec-09	Dec-10	The project has been delayed due to the need to replace significant amounts of the existing timber, which was initially thought to be reusable. Additional funding of \$20 million to complete the works has been approved.
South West Institute of TAFE – Warrnambool stage 3 redevelopment (State funded component)	Dec-08	Jul-09	Ground excavation after demolition revealed the footings of an original court house. The subsequent archaeological survey had an impact on the program. Tenders received exceeded the project budget and the design was subjected to an extensive value management process, re-documentation and re-tendering.
Technical Education Centres (various)	Jun-09	Nov-09	State funding for Technical Education Centres (TEC) consists of four projects, of which three are on schedule. Issues surrounding the existing Brew Tower at the Ballarat Technical Education Centre are significantly impacting on this project. As the School of Mines car park project is interlinked with the Ballarat Technical Education Centre, this project is impacted by the lack of progress. Analyses of the options to proceed are being undertaken subject to Ministerial approval.
Victoria University – Consolidation of Engineering and ICT – Commonwealth supported project	Jun-07	May-08	The project completed in May 2008. The delays to the completion date were attributed to the University not being able to settle on a final scope for the project. Final project payments were withheld until the builder completed major rectifications.

Project	Original completion date	Revised completion date (if applicable)	Explanation for revision
William Angliss Institute of TAFE – New teaching facility and campus redevelopment – Commonwealth supported project	May-08	Dec-08	The initial project program did not take into account the difficulties of working on a very tight inner city campus and the issues of hazardous materials removal discovered in the 1930s buildings that had to be demolished.
Department of Justice			
Ararat Police Station (Police Stations Program 2007-08) – Construction (Ararat)	Jun-10	Oct-10	Project delayed due to the planning process progressing through the Victorian Civil and Administrative Tribunal (VCAT).
Brunswick and Collingwood Police Complexes – Upgrades (Brunswick and Collingwood)	Jun-08	Aug-09	Project delayed as a result of identification and disposal of hazardous materials (asbestos) and concealed redundant plant and equipment.
Melbourne North Police Station – Construction (Carlton–North Melbourne)	Nov-06	Aug-10	Project significantly delayed due to original site identified for compulsory acquisition proved unsuitable due to contamination and, accordingly, a second site was identified and the compulsory acquisition process recommenced.
Carrum Downs Police Station (Police Stations Program 2007-08) – Construction (Carrum Downs)	Jun-10	Aug-10	Project delayed due to protracted site identification and acquisition process.
Integrated Courts Management System (ICMS) – Asset Enhancement (Statewide)	Sep-09	Dec-10	Project delayed due to the contractor having significant issues in the design and roll-out of the software, along with variations to the original scope. The capital budget for this project has been fully spent, however no further asset funding will be sought from DTF with the remainder of the funding to come from output budget and operational cost savings.
Justice System Major Crimes Resourcing Needs – Asset Enhancement (Statewide)	Mar-06	Apr-10	The initial stage of the project was significantly delayed due to changes to the system requirements, the project team and management. The project was then further delayed when the private sector supplier failed to deliver services and was terminated, leading to the project management decision to develop the system in-house in March 2008. This led to changes to the project scope, as well as the planned two-phase delivery of the system being changed to a single delivery. The system is now in its final sessions of testing prior to go live in April 2010.
Kyneton Police Station (Police Stations Program 2007-08) – Construction (Kyneton)	Jun-10	Aug-10	Project delayed due to protracted council planning process, along with additional conditions imposed by Heritage Victoria, which resulted in a redesign of the site master plan and a portion of the building.

Project	Original completion date	Revised completion date (if applicable)	Explanation for revision
Lilydale Police Station – Construction (Lilydale)	Jun-09	Mar-10	Project delayed due to protracted council planning process.
Melbourne Legal Precinct Master Plan – Old County Court Refurbishment – Construction/ Enhancement (Melbourne)	Jun-10	Jul-10	Project delayed due to identification and removal of hazardous waste (asbestos) which in turn delayed the appointment of contractor.
Modernising Coronial Services – Construction (Melbourne)	Jun-11	Jun-13	Project delayed due to identification of latent site contamination. In addition, Federal funding (\$13.0M) for the new Donor Tissue Bank Victoria (DTBV) further delayed project documentation and commencement of construction. The Department is seeking to consolidate a number of funding sources, including this project (along with Mortuary Services and the DTBV) into a single project titled "State Coronial Services Redevelopment (SCSR)".
Organised Crime and Counter Terrorism – Asset Enhancement (Statewide)	Jun-08	Nov-08	Project complete. This project contained multiple segments across both the Department of Justice and Victoria Police. The majority of these segments were completed as per the original schedule. However, the final two segments were delayed because of procurement issues and were subsequently completed by November 2008.
Department of Planning and Community Development			
Footscray Transit City – Upgrade	Jun-10	Dec-10	The footbridge is expected to be completed by June 2010. Development of the forecourts and removal of old footbridge are expected to be completed by December 2010.
Rectangular Sports Stadium – Construction (Olympic Park)	Mar-08	May-10	The schedule of works from the main contractor has been adjusted to reflect the revised construction program for an increase in seating capacity and tenant fit-out works since the original program schedule.
Department of Premier and Cabinet			
Melbourne Recital Centre (MRC) & Melbourne Theatre Company (MTC) – Construction	Jan-07	Mar-09	Original completion date was revised due to site specific issues (such as ground contamination and ground water), acoustic vibration isolation requirements, and changes to ensure the functionality and viability for the MTC theatre and MRC.
Department of Transport			
Barwon Heads Bridge Replacement (Barwon Heads)	Sep-09	Late 2010	Completion date was revised early in project due to planning issues.

Project	Original completion date	Revised completion date (if applicable)	Explanation for revision
Bass Highway Duplication – Stage 1 King Road to Woolmer Road (Bass, Anderson)	Jan-10	Mid 2010	Completion date revised due to adverse weather.
Bass Highway Duplication Stage 5 – Grantville to King Road (Grantville)	Jun-08	Early 2009	Project completed.
Breakwater Road Upgrade (Belmont, Geelong)	Feb-09	Late 2011	Revised completion date reflects impact of planning scheme amendment.
Calder Highway Upgrade	Dec 06	1 st half 2009	Project completed. No change to completion date over the last 12 months. Revised completion date reflected delays in funding commitment from the federal government.
Congestion Improvements Program (various)	Jun-10	2 nd half 2010	By June 2010, only one project remains to be completed. Minor rescheduling due to finalisation of scope and council approvals.
Cranbourne Frankston Road Duplication (Hall Road and the Western Port Highway)	Mar-10	1 st half 2010	Minor rescheduling.
Duplication of Thompson Road – Carrum Downs	Dec-09	Early 2010	Completion date revised due to adverse weather.
Ferntree Gully Road Widening – Jells Road to Stud Road (Scoresby)	Jul-09	Late 2009	Project completed – minor rescheduling.
Geelong Rail Access Improvement Project (Corio/North Geelong)	Aug-06	Mid 2009	Project completed. Completion in June 2009 reflects the completion of standard-gauge rail connection into the northern part of the Port of Geelong.
Geelong Ring Road Stage 4 (Geelong Ring Road to Anglesea Road – City of Greater Geelong)	Oct-10	Late 2010	
George Street Bridge – New Bridge to link George Street to Brighton Road (Dandenong)	Jun-08	Mid 2010	Finalisation of project scope and design took longer than anticipated.
Metropolitan Train Control Reliability (Melbourne)	Jun-10	Late 2010	No change of completion date over last 12 months.
Metropolitan Train Safety Communications System (Metro various)	Dec-10	Late 2011	Award of main works contract occurred later than planned. No change of completion date over last 12 months.

Project	Original completion date	Revised completion date (if applicable)	Explanation for revision
New Ticketing Solution – Technology and Installation (Statewide)	2008	2010	No change of completion date over last 12 months.
North East Rail Revitalisation Project (various)	Mid 2010	Late 2010	This is a program of works, which many aspects will be completed on schedule. Some delay has resulted from the changed location of a facility and the deferral of commissioning works.
Regional Rollingstock (non-Metro various)	Jul-09	1 st half 2010	Revised completion date reflects the provision of additional trains funded in 2008-09.
Taylor's Road (15.2km to 15.8km) – Bypass/ New Road – Sydenham Rd to East Esplanade – Grade Separation (St Albans)	Jun-08	Late 2008	Project completed – minor rescheduling.
Vigilance Control and Event Recording System on Metropolitan Trains (VICERS) (Metro various)	Jun-08	Late 2011	Several issues contributed to the revised timeframe, including: RTBU withdrawing assistance from VICERS for three months in early 2006; Siemens braking issue diverting technical resources in 2006/07; Integrian acquisition and diversion of resources to US projects, coupled with the company being placed into administration in 2007/08; and unavailability of trains from July to October 2008. Revised completion date reflects the resolution of software issues and ensuring that system performance is stable.
Vineyard Road (Obeid Drive and Mitchells Lane, Sunbury)	Dec-09	Mid 2010	Minor rescheduling.
Whole of Government – Transit Cities – Ballarat Second Station (Ballarat)	End 2008	Mid 2009	Project completed. No change to completion date over the last 12 months.
Wodonga Rail Bypass (Wodonga)	Oct-04	Oct-10	No change to completion date over the last 12 months.

Source: Departmental responses to the Committee's 2008-09 Financial and Performance Outcomes Questionnaire – Part Two and clarification questions

3.5. Supporting departments' project planning and management

Overall, in only 27 per cent of cases were projects delivered within 10 per cent of their 2008-09 budget. Similarly, only 51 per cent of projects currently underway expect to meet their original completion dates. This indicates that departments are experiencing some difficulties accurately estimating required budgets and timelines. To ensure efficient and effective delivery of infrastructure programs, it is important that departments have expert guidance when undertaking initial project planning and through the life of projects.

Based on explanations given to the Committee in this inquiry, it appears that departments would benefit from expert guidance with respect to:

- identifying all required steps of a project;
- accurately estimating the timing of steps;
- ensuring that project scope is fully and correctly identified at the start of the project; and
- successfully incorporating the needs of stakeholders, including agencies and councils, into scope definition and timeline planning.

In its *Report on the 2007-08 Financial and Performance Outcomes*, the Committee recommended that:⁵¹

Departments establish knowledge management processes and systems that facilitate the sharing of expert knowledge and lessons learnt in the planning and timing of major infrastructure projects. This is essential in the planning stages of a project.

The Government's response indicated that the Government was seeking to achieve this through a number of means, primarily through work undertaken by the Department of Treasury and Finance. This included the establishment of a Gateway Supervisory Committee to share lessons learnt from major infrastructure investment projects, the Investment Lifecycle Guidance publications, business case training sessions and a Project Management Community of Practice.⁵²

The Department of Treasury and Finance and Major Projects Victoria (for projects nominated under the *Project Development and Construction Management Act 1994*) play key roles in supporting departments to plan and manage their projects. In both cases, little information is made publicly available about how effective and efficient these project management and support services have been. To ensure that these bodies are providing as much benefit as possible, it is important that the effectiveness and efficiency of their support in terms of infrastructure project outcomes be assessed and reported.

51 Public Accounts and Estimates Committee, *Report on the 2007-08 Financial and Performance Outcomes*, May 2009, recommendation 7, p.79

52 Victorian Government, *Responses to the Recommendations of Public Accounts and Estimates Committee's 79th Report on the 2007-08 Financial and Performance Outcomes*, November 2008, p.7

The Committee notes that the Department of Treasury and Finance, along with other government agencies such as the Victorian Auditor-General's Office, do produce a number of guidance materials and best practice guides for departments to use in managing asset investment projects. However, these products are only useful in as much as they are successfully integrated into departments' activities. It is therefore important for the Department of Treasury and Finance to monitor the uptake of its advice by departments, so that it can modify its products to improve uptake or results if required.

Recommendation 5: The Department of Treasury and Finance establish measures, and report on their success against them in its annual reports, to assess the performance of its programs facilitating project planning and management in terms of:

- (a) the extent to which the Department's advice is actually incorporated into project planning and management by agencies; and**
- (b) the extent to which the Department's programs actually improve agencies' ability to deliver projects on time and on budget.**

The Department of Treasury and Finance consider whether it should facilitate project management training for project managers in other departments so as to assist departments to implement its advice and guidance.