This presentation provides an overview of the Victorian Auditor-General’s report on Managing the Level Crossing Removal Program.
The Level Crossing Removal Program (LXRP) is one of the Victorian Government’s key transport infrastructure projects. It is part of an overarching policy to improve Melbourne’s transport network, and its stated aim is to remove 50 of the most dangerous and congested level crossings.

Since LXRP’s announcement, two additional level crossings for removal have been identified, bringing the total to 52.

The program is managed by the Level Crossing Removal Authority (LXRA) who took over responsibility from VicRoads in 2015.
As the LXRP is only two years into an eight-year program, this audit identifies risks, lessons and opportunities for improvement for future works.

We have examined whether the LXRP is cost-effective in terms of whether it has improved, or is expected to improve, the safety and efficiency of the state's road and rail network.
Our audit focused on the role of the Department of Economic Development, Jobs, Transport and Resources (DEDJTR) and LXRA in program delivery and benefits monitoring, Transport for Victoria (TfV) in providing oversight and strategic focus for the LXRP, and on PTV in its role of ensuring an effective public transport network.
Contrary to publicly stated objectives, not all of the 50 level crossings selected for removal are the most dangerous and congested. In this sense the program is not fully achieving its stated objective.

The delivery of the program is ahead of schedule and LXRA expects to surpass its target of removing 20 crossings by 2018. However, this pace presents risks to achieving value for money. These risks are compounded by an inadequate and delayed business case, and poor indicators to measure program benefits.

While LXRA is managing some aspects of the program well, there are some areas that require improvement, particularly site selection and prioritisation; site packaging and procurement; benefits management; and the integration of various rail projects.
The program's business case was finalised in April 2017, almost two years after the program had commenced. Weaknesses in this business case undermine its value and ability to provide a sound basis for the government's decision to commit to the investment.

Not all of the selected level crossings are among the 50 most dangerous and congested. The government's election commitment was the basis for the selection of sites for the LXRP. However, post-election advice to government did not test the validity of the selected sites against other site options.
The 52 level crossing removal sites are divided into packages for delivery. The need for LXRA to meet the government’s committed time frame has had an impact on procurement, packaging and sequencing.

LXRA has prioritised level crossings that had greater preparatory work completed, and less complex design solutions, for removal. The remaining crossings are more complex and potentially more challenging to complete within the allocated time frame and budget.
Some of the contract arrangements used for delivery removed competitive tension and created the risk of not maximising value for money. It is too early to tell if LXRA is successfully mitigating this risk because not all of its risk mitigation tools are fully developed.
The business case provides a total program cost estimate of $7.6 billion—made up of $6.6 billion for level crossings and $1.0 billion in associated network improvements. A High Value High Risk gateway review of this business case highlighted that the program cost in the business case is greater than the $5–6 billion election commitment.

The cost of the program as at July 2017 is $8.3 billion. The business case was not updated to reflect ongoing changes to program cost estimates.
As completion of the LXRP is not due until 2022, with only 10 of 52 crossings removed as at September 2017, there is currently insufficient data to judge how well the program is achieving intended outcomes.

DEDJTR has developed a benefits management framework in accordance with Department of Treasury and Finance (DTF) requirements. This includes an investment logic map, benefit map and benefit management plan. LXRA is responsible for monitoring achievement of outcomes. However, current monitoring and reporting is not meaningful due to the lack of comprehensive key performance indicators and targets. Without these, LXRA cannot assess the extent to which the program is achieving intended outcomes.
One of PTV's key functions, since September 2016, is to ensure public transport network integrity, that is maintaining a functionally effective, reliable, maintainable, secure, safe and environmentally compatible public transport network.

PTV does not have adequate resources to effectively perform this role. This has negative cost and scope consequences for the integration of LXRP and other concurrent rail projects into the rail network.

PTV, with support from TfV, which is now responsible for transport planning, will need to address these shortcomings.
We made six recommendations to DEDJTR aimed at improving monitoring reporting and transparency.

We made four recommendations to LXRA aimed at improving transparency and cost effectiveness.

All agencies have accepted their recommendations.
Overall message

While delivery of LXRP is ahead of schedule, the program is not fully achieving its stated objective. There are risks to achieving value for money, and some aspects need improvement, such as, site selection and prioritisation, site packaging and procurement, benefits management, and the integration of various rail projects.
For further information, please see the full report on our website:
www.audit.vic.gov.au