
Follow up of Managing the Level Crossing Removal Program

Tabled 14 October 2020



This audit looked at whether the Department of Transport (or DoT) and the Major Transport Infrastructure Authority (or MTIA) effectively addressed the recommendations made in our 2017 audit, Managing the Level Crossing Removal Program.

Our 2017 audit identified weaknesses in the Level Crossing Removal Project's design and delivery. We made six recommendations for the then Department of Economic Development, Jobs, Transport and Resources (DEDJTR) and four for the Level Crossing Removal Authority.

Since our 2017 audit, there have been government changes to some departments and agencies. DoT and MTIA are now responsible for delivering our recommendations.

The Level Crossing Removal Project's scope has also changed. In 2018, the Victorian Government added a second stage with another 25 crossings, taking the total to 75 sites.

This increased the project's total estimated cost from \$8 to \$14.8 billion.

It is vital that agencies implement lessons learnt from the project's first stage to improve the delivery of stage two.

In this follow-up audit, we found that DoT and MTIA have fully addressed seven of our 10 recommendations.

Of the remaining three, DoT has partially addressed one, with no further work planned.

DoT is still working on two.

Our 2017 audit found that DEDJTR did not analyse if the project's 50 level crossing removal sites were the most dangerous and congested, despite removal of the most dangerous and congested sites being the main program objective.

We recommended that DEDJTR develop a transparent process to select future sites for removal.

Since then, MTIA has developed a transparent process to select sites, which it consistently applied to stage two.

What and who we looked at



This selection process fairly balances the principles of:

- safety, which considers if a site has history or risk of accidents
- movement, which looks at traffic congestion and movement across the rail network
- place, which considers how a level crossing impacts access to the surrounding area, and
- delivery efficiency, which aims to minimise cost and disruptions by removing sites that are located close together or near construction for another major project.

This means that stage two meets the project's overall aim of removing congested and dangerous level crossings.

DEDJTR did not develop a business case for the first stage of the project until two years' after construction started.

We recommended that it develop a business case for any future project so that government is informed about expected project benefits prior to making its investment decision.

While DoT and MTIA did advise the government about the estimated cost and delivery time frame for stage two, they did not develop a full business case for it.

This means that the government did not have important information about the project's expected economic benefit before it decided to remove additional level crossings.

Our 2017 audit recommended that the Level Crossing Removal Authority evaluate its procurement approach before using it to award contracts for future removal sites.

This is because the planned approach did not subject all sites to full price competition, which may not achieve value for money.

Since then, MTIA has changed its procurement approach. While the new removal sites have not been subject to price competition, MTIA is using its price benchmarking tool effectively to manage costs.

It is also incentivising its contractors to share lessons learnt to achieve cost savings across the whole project.

In 2017 we recommended that the Level Crossing Removal Authority set targets for their key performance indicators (or KPIs) to better understand the benefits achieved at each site.

We also recommended it progressively monitor if the project was achieving its intended benefits.

MTIA has since improved the amount and quality of data it uses to assess KPIs for individual sites.

Issue 5: Overall network integrity and standards



It has also introduced a process to monitor the project's overall progress on a yearly basis.

As a result, MTIA now has a comprehensive understanding of how the project is progressing and if it is on track to achieve the intended benefits.

Our 2017 audit recommended that Public Transport Victoria develop network technical standards, which are the engineering requirements that transport infrastructure and assets need to meet.

We also recommended that Public Transport Victoria monitor its processes to ensure the public transport network's overall integrity.

While DoT has introduced new technical standards and processes to ensure network integrity, its work to fully address our recommendation is still in progress.

This creates a risk that the contractors may be unsure about the technical standards they need to meet when constructing new track, stations and other rail infrastructure.

As of July 2020, MTIA has removed 35 level crossings and built 16 new stations. MTIA is forecasting that it will meet the government's commitment to remove all 75 level crossings by 2025 within budget.

We will follow up on the two in progress recommendations in our next assurance review on agency responses to performance audit recommendations.

For further information, please see the full report on our website www.audit.vic.gov.au.