

APPENDIX A

Submissions and comments

We consulted with the relevant entities and considered their views when reaching our audit conclusions. As required by the *Audit Act 1994*, we gave a draft copy of this report plus the underlying data contained in a working copy of the major projects dashboard, to these entities and asked for their submissions and comments.

DJPR's response to this review has a reference to a feedback table. Following our acquittal of the feedback in this report, DJPR requested that we exclude the attachment, so it is not included.

Responsibility for the accuracy, fairness and balance of comments rests solely with the entity head.

Responses were received as follows:

DTF	38
Department of Education and Training	41
DH	42
DJPR	45
DoT	46



Department of Treasury and Finance

1 Treasury Place
Melbourne Victoria 3002 Australia
Telephone: +61 3 9651 5111
dtf.vic.gov.au
DX210759

D21/168266

Mr Andrew Greaves
Auditor General
Victorian Auditor-General's Office
Level 31, 35 Collins Street
MELBOURNE VIC 3002

Dear Mr Greaves

PROPOSED LIMITED ASSURANCE REVIEW – MAJOR PROJECTS PERFORMANCE

Thank you for your letter dated 8 August 2021, inviting the Department of Treasury and Finance (DTF) to respond to the proposed review: Major Projects Performance.

DTF notes the conclusions of the review and the recommendations directed at DTF including the Office of Projects Victoria (OPV). DTF accepts in full three recommendations, accepts in part one recommendation and does not accept one recommendation.

A proposed action plan for implementing the recommendations directed at DTF and OPV is attached to this letter.


DTF supports the overall intent for a more accessible data source available on-line for major capital projects. The level of detail and frequency proposed by DTF and OPV through an annual dashboard is aligned to information available in comparable jurisdictions and would support increased accessibility and useability of project information.

The current reporting of aggregated major capital programs in Budget papers is disclosed in a way that is consistent with the Government's staged funding decisions at the program level and protects the State's commercial interests and ability to achieve value for money.

DTF notes VAGO's conclusions in relation to the Budget paper No.4 State Capital Program. The primary purpose of Budget paper No.4 is as a budget estimates information paper to outline new capital investments and report on spending to date on existing projects, and it is not intended to be a performance reporting document. DTF will continue to improve the clarity and accessibility of data on State capital investments.

Thank you for the opportunity to comment on the proposed review.

Yours sincerely


David Martine
Secretary

27/8/2021



Response provided by the Secretary, DTF—continued

Department of Treasury and Finance, including the Office of Projects Victoria, action plan to address recommendations from the Major Projects Performance review

No	VAGO recommendation	Action	Completion date
Department of Treasury and Finance (DTF) and Office of Projects Victoria (OPV):			
1	<p>Develop and maintain a public-facing major projects performance dashboard that:</p> <ul style="list-style-type: none"> has at least the same data fields and update frequency as the Victorian Government IT dashboard shows scope, cost and time variance analysis against previously reported results identifies applicable project delivery entities in addition to the agencies identified in the budget papers 	<p>Partially accepted</p> <p>DTF/OPV will produce a public facing on-line dashboard on major capital projects on an annual basis to be published at the same time as the State Budget.</p> <p>DTF/OPV will collate and coordinate data to improve accessibility and useability of capital project information noting the data set will initially be a reduced number of data fields.</p>	By May 2022
2	To support implementation of recommendation 1, amend applicable guidance, including the Resource Management Framework, to collect a more comprehensive dataset from all entities that gives a more holistic view of project performance.	<p>Accepted</p> <p>DTF/OPV will update relevant DTF guidelines to enable data collection to facilitate production of a major capital projects dashboard, while minimising the additional reporting burden on departments and agencies.</p>	By end December 2021
3	Develop a repository of lessons learnt from major capital projects, including analyses of key themes from Gateway reviews, benefits realisation studies and PARs, and make this resource available to project teams across the public sector.	<p>Accepted</p> <p>OPV will improve knowledge management processes to facilitate sharing of insights and common themes to inform current delivery challenges and future project development. Work is currently underway and OPV has shared with VAGO the full lessons learnt project plan. The Construction Leadership Group is a forum at which lessons learned are currently exchanged amongst delivery agencies.</p>	By mid 2022
4	<p>Improve the consistency of disclosure of public sector entities' major projects by requiring:</p> <ul style="list-style-type: none"> Entities with aggregated capital programs to separately disclose any individual packages and sub-projects that are worth more than \$100 million Public non-financial corporations, such as water sector corporations, to disclose and report on any sub-projects worth more than \$100 million within their capital investment programs 	<p>Not accepted</p> <p>The current reporting of aggregated major capital programs in Budget paper No.4 State Capital Program, reflects the nature and timing of Government decisions on the staged funding of tranches for major capital programs across economic and social infrastructure programs.</p> <p>DTF considers separately disclosing individual package allocations within a program of works reduces the Government's ability to flexibly manage budgets to deliver overall program benefits and objectives as intended when deciding to fund as a program.</p>	N/A

Response provided by the Secretary, DTF—continued

DTF also considers disclosing disaggregated amounts within programs in certain circumstances at the time of an investment decision has the potential to prejudice the State's commercial position to obtain value for money from contractors for repeatable programs of works.

DTF will investigate opportunities in the water sector for improved clarity on funding and completion timeframe changes related to ongoing infrastructure programs.

5	<p>Improve data quality and their capacity to analyse capital project trends by:</p> <ul style="list-style-type: none"> Defining and implementing data quality assurance practices so entities align data formats and streamline data input processes to achieve more consistent reporting Improving data integrity and updating the State Resource Information Management System's asset module to report historical project data for easier trend and comparative analysis of projects over multiple quarters. 	<p>Accepted</p> <p>DTF/OPV will update relevant DTF guidelines to enable data collection to facilitate a more consistent and streamlined approach to data collection and analysis. Improvements will be implemented in stages over time.</p> <p>DTF will examine possible upgrade options to allow the State Resource Information Management System to report on historical data over multiple quarters.</p>	<p>By mid 2022</p>
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Department of
Education and Training

Office of the Secretary

2 Treasury Place
East Melbourne Victoria 3002
Telephone: 03 9637 2000
DX210083

COR2183616

Mr Andrew Greaves
Auditor-General
Victorian Auditor-General's Office
Level 31, 35 Collins Street
MELBOURNE 3000

Dear Mr Greaves

Re proposed report: Major Projects Performance

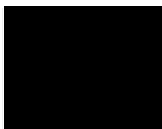
Thank you for your letter of 8 August 2021 and the opportunity to comment on the proposed report and data dashboard for this limited assurance review.

The Department is committed to timely, comprehensive and transparent reporting on the progress of its projects.

The Department provided feedback directly to the VAGO audit team on the proposed report.

Should you wish to discuss the Department's response, please contact Bella Stagoll, Executive Director, Integrity, Assurance and Executive Services on (03) 7022 0120 or Bella.Stagoll@education.vic.gov.au.

Yours sincerely



Jenny Atta
Secretary
27/ 08 / 2021

Your details will be dealt with in accordance with the *Public Records Act 1973* and the *Privacy and Data Protection Act 2014*. Should you have any queries or wish to gain access to your personal information held by this department please contact our Privacy Officer at the above address





Secretary

Department of Health

50 Lonsdale Street
Melbourne Victoria 3000
Telephone: 1300 650 172
GPO Box 4057
Melbourne Victoria 3001
www.health.vic.gov.au
DX 210081

DH Ref: BAC-CO-17635
VAGO File No: 34606 21

Andrew Greaves
Auditor-General
Victorian Auditor-General's Office
Level 31, 35 Collins Street
MELBOURNE VIC 3000

via e-mail: andrew.greaves@audit.vic.gov.au

Dear Mr Greaves

Proposed Limited Assurance Review – Major Projects Performance

Thank you for providing the Department of Health (the department) with the proposed report and interactive dashboard for the Major Projects Performance limited assurance review, and the opportunity to provide comments.

Reference to the recommendations directed to the Department of Treasury (DTF) and Office of Projects Victoria (OPV), should a public dashboard reporting be implemented, the department strongly recommends an extensive consideration of implications, including:

1. *Commercial-in-Confidence matters should not be compromised and to be exempted from reporting requirements.*
2. *Reporting requirements to be applicable to new approved projects. Legacy projects to be exempted from reporting requirements.*
3. *Streamlining of reporting requirements with existing major projects reporting to the Department of Premier and Cabinet (DPC), DTF and OPV. Existing reporting includes Quarterly Asset Investment Reporting (QAIR), Major Projects Performance Reporting (MPPR), Priority Delivery Initiatives (PDI) Recovery Tracker Reporting, Election Commitments (EC) Project Reporting.*

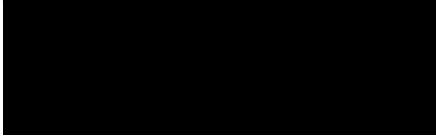
Reference to the contents in the proposed report and interactive dashboard, the department has identified some key findings as outlined in **Attachment 1**.



Response provided by the Secretary, DH—continued

The department appreciates the diligence and patience of your team when working with the department's staff on this review.

Yours sincerely,



Professor Euan M Wallace AM
Secretary

27/08/2021



Attachment 1

VAGO statement	DH Comments
<p>(Reference: page 3)</p> <p>The BP4 includes some variance explanations in footnotes. However, this information:</p> <ul style="list-style-type: none"> is generated by entities and not verified by DTF 	<ul style="list-style-type: none"> The Department understands that this is scrutinised and reviewed by DTF prior to publication.
<p>(Reference: page 4)</p> <p>Data errors (example using DH project)</p> <p>In our review of BP4s from 2014–15 to 2021–22 we found:</p> <ul style="list-style-type: none"> an incorrect disclosure of funding in 2017–18, with \$135 million for the Victorian Heart Hospital not disclosed and a correction made in the next financial year. 	<ul style="list-style-type: none"> Originally in 2016-17 BP4, it was reported separately: <ul style="list-style-type: none"> New project: <i>Victorian Heart Hospital (Clayton) with TEI of \$135 million</i> Existing project: <i>Victorian Heart Hospital – planning and early works (Clayton) with TEI of \$15 million</i> In the 2017-18 BP4, it was an oversight at point in time where only the ‘existing’ planning project was reported.
<p>VAGO interactive dashboard.</p>	<ul style="list-style-type: none"> Final version of attested data submitted to VAGO is not reflected. <p>Note: This has been raised with VAGO who advised that this is an oversight and will be addressed and reflected in the final report and interactive dashboard tabled in Parliament.</p>





Department of Jobs, Precincts and Regions

Ref: BSEC-2-21-15124

GPO Box 4509
Melbourne,
Victoria 3001 Australia
Telephone: +61 3 9651 9999
DX 210074

Mr Andrew Greaves
Auditor-General of Victoria
Victorian Auditor-General's Office
Level 31, 35 Collins Street
MELBOURNE VIC 3000

Dear Mr Greaves

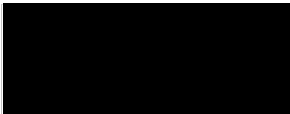
VAGO's Proposed report and data dashboard – Major Projects Performance

Thank you for your letter of 8 August 2021, providing the department with a copy of the proposed report and interactive data dashboard for VAGO's Major Projects Performance limited assurance review.

I note that VAGO has not made any recommendations to the department in the proposed report. Our feedback on the proposed report and data dashboard is enclosed. I appreciate the professional manner demonstrated by VAGO's team throughout the conduct of the review.

If you require further information, please contact Justin Perkov, Acting Director Audit & Assurance on 0491 614 371 or justin.x.perkov@ecodev.vic.gov.au.

Yours sincerely



Simon Phemister
Secretary

23/ 08/ 2021





Department of Transport

GPO Box 2392
Melbourne, VIC 3001 Australia
Telephone: +61 3 9651 9999
www.transport.vic.gov.au
DX 210074

Ref: BSEC-1-21-8809R

Mr Andrew Greaves
Auditor-General of Victoria
Victorian Auditor-General's Office
Level 31, 35 Collins Street
MELBOURNE VIC 3000

Dear Mr Greaves

Victorian Auditor-General's Office – Proposed Report – Major Projects Performance

Thank you for your letter of 8th August 2021 and your office's subsequent correspondence with the Department regarding the 'Major Projects Performance' Limited Assurance Review. The Department of Transport (DoT or the Department), along with the Major Transport Infrastructure Authority (MTIA), values the opportunity to review the proposed report and the interactive data dashboard and acknowledge the importance of reporting on major projects across Victoria.

The sustained investment in transport projects we are currently seeing across the eastern seaboard of Australia is unprecedented in recent history, creating significant resource pressures. This pressure is being felt across the globe with increased demand for construction resources. Projects have also become more complex as we retrofit them into built urban environments and utilise tunnelling to avoid impacting existing homes and preserve important environmental areas.

To mitigate these factors and continue to deliver the benefits of projects, DoT and the MTIA have introduced a number of initiatives including investment in up-front design and engineering, encouraging innovation through collaborative procurement models and investment in skills training. We are also at the forefront of the Construction Industry Leadership Forum (CILF), a joint forum of senior leaders from industry and the Victorian and New South Wales public sectors that drives improved collaboration across the sector.

DoT and the MTIA have invested significant time and effort in completing the surveys issued by VAGO. This is in addition to the significant effort applied to meeting the existing rigorous project funding requirements in place as part of the Department of Treasury and Finance (DTF) gateway review processes; the development of business cases; submissions to the Expenditure Review Committee; regular Cabinet scrutiny; and VAGO's annual financial audit of the Department of Transport's Annual Report and its annual audit of the State's finances.

The Department is of the view that the proposed report and dashboard lack the context and depth to provide an accurate snapshot of Victoria's record level of investment in transport infrastructure. Further, the manner in which data is presented in the proposed report and dashboard does not enable the reader to distinguish between a program of work or an individual project, and therefore has the potential to be confusing and misleading.



Response provided by the Secretary, DoT—continued

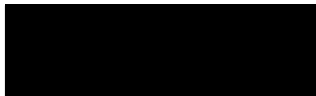
The proposed report and dashboard identify a number of cost, time and scope variations in relation to the delivery of transport infrastructure projects that would benefit from the inclusion of further context for the reader. For example, programs of work, such as the Car Parks for Commuters program, are displayed on the dashboard as both over time and cost. This does not represent the significant increase in scope that has occurred for this program, delivering more projects, at more locations that are all budget funded and have delivered significant social benefit.

The Department notes that VAGO has elected to report the Car Parks for Commuters program in the proposed report and dashboard. The Department maintains its view that this program comprises projects that are all under VAGO's \$100 million threshold for inclusion in scope and should be excluded from the proposed report and dashboard.

The Department is also concerned with the representation of projects within the dashboard at a regional level. Some small projects under the \$100 million threshold for this Limited Assurance Review will deliver significant benefit to a regional community and larger projects, such as the Melbourne Airport Rail, will deliver state-wide benefits. As the dashboard currently stands, it has the potential to create an impression that that some parts of the state are receiving greater benefits over other parts when this is not the case.

DoT and the MTIA are, and will continue, to take a pro-active approach to mitigating cost pressures whilst ensuring value for money and delivery of benefits sought from the program of transport infrastructure upgrades and improvements. We will also continue to work with DTF on the reporting of project progress and performance that adequately reflects the dynamic environment in which projects are funded and delivered in response to community need and the setting of State Budgets.

Yours sincerely



Padi Younis
Secretary
Department of Transport

10th September 2021