

## APPENDIX A

# Submissions and comments

We have consulted with the Department of Transport and Planning, Metro Trains Melbourne and VicTrack, and we considered their views when reaching our audit conclusions. As required by the *Audit Act 1994*, we gave a draft copy of this report, or relevant extracts, to those agencies and entity and asked for their submissions and comments.

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

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### We received responses as follows:

Metro Trains Melbourne.....	53
Department of Transport and Planning.....	54

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Ref: MTM-402

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

2/03/2023

Dear Andrew,

**Proposed Performance Audit Report Maintaining railway assets across metropolitan Melbourne**

Metro Trains Melbourne (MTM) would like to thank the Victorian Auditor's General Office (VAGO) for receipt of the proposed report on *Maintaining railway assets across metropolitan Melbourne (Report)* in accordance with the *Audit Act 1994* (the Act) and for amending the Report to incorporate MTM's agreed feedback.

We also acknowledge VAGO's conclusion in the Report that MTM is maintaining Melbourne's metropolitan railway infrastructure and technology to support reliable and punctual train services and keep passengers safe.

We look forward in partnering with the Department of Transport and Planning – Transport Services to support the recommendations made in the Report.

Should you require any further information please contact Paul O'Halloran responsible for this audit on [REDACTED] or by email [REDACTED].

Yours sincerely,

**Raymond O'Flaherty**  
Chief Executive Officer, Metro Trains Melbourne

c.c. [REDACTED]

Incoming Ref: 34684 23

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## Department of Transport and Planning

GPO Box 2392  
Melbourne, Victoria 3001 Australia

Ref: BSEC-1-23-249

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 - Maintaining railway assets across metropolitan Melbourne - Proposed report**

Thank you for your letter of 16 February 2023 inviting a response to the proposed report for the *Maintaining railway assets across metropolitan Melbourne* performance audit.

The Department of Transport and Planning (DTP) has reviewed the report and acknowledges the amendments made in response to the feedback provided on the provisional draft of the report.

Melbourne's train network is operated under a franchise model. The franchisee's safe rail accreditation requires the operators to exercise lead responsibility for the safe operations and maintenance of the network.

Under the franchise model, DTP requires the incumbent, Metro Trains Melbourne (MTM), to ensure compliance with a broad range of safety and asset management measures through a strong contract management framework. With this in mind, DTP feels that this report does not reflect the strength and maturity of this arrangement.

However, DTP does welcome your conclusion that the infrastructure and technology of the Melbourne metropolitan railway is being maintained in a manner that supports safe, reliable and punctual passenger train service.

Passenger safety is a particular focus of both DTP and its franchisees. The report's finding that the metropolitan rail network provides an overall safe travelling experience affirms the efforts of all responsible parties.

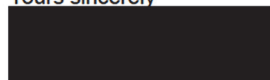
DTP appreciates the recognition that external factors, such as trespass and weather, are the main causes of delays on the network rather than asset failures. Notwithstanding the concerns raised above, DTP accepts the recommendations outlined in the report and has developed a remedial action plan as an addendum to this letter, noting that most activities are already well progressed, being identified as part of the DTP's continuous improvement process.



DTP recognises that future rail franchises provide a significant opportunity for uplift to planning and information requirements pertaining to maintenance and renewal of the transport network. DTP is currently in the process of developing these requirements further as part of several strategic asset management initiatives and will seek to include uplifted requirements in any future agreements.

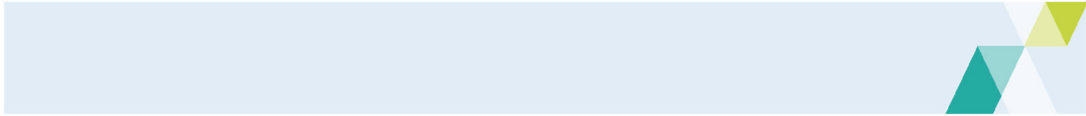
DTP recognises the role that transport assets play in delivering a safe and reliable travelling experience for the State and thanks you for the opportunity to comment on the report.

Yours sincerely

A black rectangular redaction box covering the signature of Paul Younis.

**Paul Younis**  
Secretary  
Department of Transport and Planning

3 March 2023



## Maintaining railway assets across metropolitan Melbourne

Department of Transport and Planning – Action plan

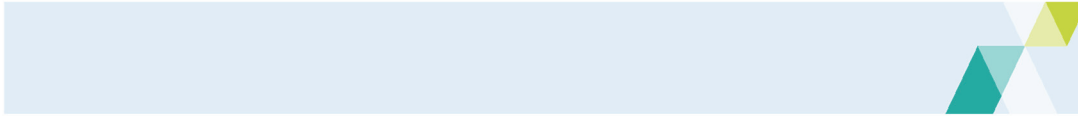
No.	VAGO Recommendation	DTP Action	Due date
1	Develops an overarching performance measurement and reporting framework for the metropolitan train network (see Section 2.2).	<p><b>Accepted</b></p> <p>DTP will develop a performance measurement and reporting framework that supports its asset management objectives, as per the AMS.</p> <p>DTP will consider incorporation of all matters raised by section 2.2 of the report within the framework, subject to assessment of compatibility with the current agreement.</p>	31 Dec 2024
2	<p>Uses the performance measurement and reporting framework (developed in response to recommendation 1) to inform the requirements it sets for maintaining and renewing the assets in any future metropolitan train franchise agreement, including:</p> <ul style="list-style-type: none"> <li>the long-term asset-related objectives and aims for the network</li> <li>performance measures, indicators, targets and data requirements to monitor and assess whether the operator achieves the objectives and aims</li> <li>how it will evaluate whether maintenance and renewal optimises asset cost and performance and provides value for money, and when it will do this</li> <li>reporting requirements that include regular, simplified and consolidated analysis and reporting aligned with network risks (see Sections 2.1, 2.2 and 2.3).</li> </ul>	<p><b>Accepted</b></p> <p>DTP will continue development its asset portfolio system strategies that will define long term asset objectives and aims for the network. The KPI's of future agreements will be set based on these objectives once they're finalised.</p> <p>DTP will set requirements within future agreements that define a framework for assessment of whether maintenance and renewal activities provide value for money.</p> <p>DTP will set requirements within future agreements that define an uplifted operator reporting capability and will also define requirements that define systematic asset information sharing and integration with DTP systems that will support the production of future reports.</p>	31 Oct 2024



No.	VAGO Recommendation	DTP Action	Due date
3	Assesses whether maintenance and renewal under the current metropolitan train franchise agreement is achieving its objectives and aims and uses the results to guide the development of its performance measurement and reporting framework (see Section 2.4).	<p><b>Accepted</b></p> <p>DTP will continue development of its Asset Management Strategy which will define asset management objectives.</p> <p>On completion of the Asset Management Strategy, DTP will assess whether maintenance and renewal activities under the current agreement are achieving these objectives and reflect outcomes within the performance measuring and reporting framework.</p>	31 Dec 2024
4	Defines its critical data assets and develops and implements a plan to manage and improve them, to comply with the Victorian Government's <i>Data Quality Standard 2018</i>	<p><b>Accepted</b></p> <p>DTP will continue the development of its Asset Information Strategy which sets out how information is managed for our asset base including data governance. Further, DTP will deliver the Enduring Solution which is focused on articulating how DTP will ensure capture of asset condition and data transfer to DTP for analysis purposes. DTP is also developing its asset information requirements and is reviewing the feasibility of replacing legacy system to improve DTP's data assets.</p>	31 Dec 2024
5	Publicly reports on the safety performance of its metropolitan railways (see Section 2.1).	<p><b>Accepted</b></p> <p>DTP will consider further public disclosure of metropolitan railway safety information, beyond that metrics and improvement initiatives already documented within the Departments quarterly and annual reports.</p>	31 Dec 2023



No.	VAGO Recommendation	DTP Action	Due date
6	<p>Develops and finalises a long-term management strategy for its railway assets, including maintenance and renewal, in time to inform any metropolitan train franchise agreement extension or future agreement, including by:</p> <ul style="list-style-type: none"> <li>• identifying and supplying the staffing capability and capacity it needs to achieve this</li> <li>• planning and monitoring the tasks, resources, and responsibilities it needs to complete this work (see Section 3.1).</li> </ul>	<p><b>Accepted</b></p> <p>DTP is developing the Asset Management Strategy which translates organisational objectives into asset management objectives.</p> <p>DTP is developing the asset portfolio system strategies for heavy rail which sets out, for M&amp;R, the long-term direction for heavy rail asset classes. Concurrently, DTP is developing a competency assessment for asset management which will feed into a capability uplift plan (managed by branches).</p> <p>Asset class management plans with minimum renewal rates and other key metrics will be developed for the MR5 contract.</p>	31 Oct 2024
7	<p>Establishes a system to ensure that planning documents are updated and approved on time, according to requirements of the metropolitan train franchise agreement (see Section 3.2).</p>	<p><b>Accepted</b></p> <p>DTP will enhance its existing contract submissions timetable tool to further detail the process with regards to works planning artefacts.</p>	30 Sep 2023
8	<p>Strengthens its oversight and assurance over Metro Trains Melbourne's maintenance and renewal plans by requiring Metro Trains Melbourne to</p> <ul style="list-style-type: none"> <li>• use documented processes and criteria to systematically and objectively prioritise the asset maintenance and renewals most needed</li> <li>• record how its work priorities are designed to optimise the metropolitan train franchise agreement objectives, aims and commitments (see Section 3.3).</li> </ul>	<p><b>Accepted</b></p> <p>DTP will continue deployment of the improvements to systematisation of the maintenance and renewals prioritisation already effected for the signalling asset class to other asset classes.</p>	30 Nov 2025



No.	VAGO Recommendation	DTP Action	Due date
9	<p>Strengthens its oversight and assurance that Metro Trains Melbourne fully delivers the planned works by:</p> <ul style="list-style-type: none"> <li>• requiring Metro Trains Melbourne to show that it is delivering works cost-efficiently and meeting planned quality, scope and location elements</li> <li>• monitoring Metro Trains Melbourne's progress in delivering the backlog of infrastructure and technology renewals and in managing the risks to it completing this work</li> <li>• annually assessing whether maintenance and renewal is achieving the aims and principles of the metropolitan train franchise agreement (see Sections 4.1 and 4.2).</li> </ul>	<p><b>Accepted</b></p> <p>DTP will incorporate spot checks within its assurance workflow that will validate scope, location, and quality aspect of M&amp;R activities. DTP will continue to monitor Metro Trains Melbourne's planned vs actual expenditure for all M&amp;R activities.</p> <p>DTP will continue oversight of all renewal activities including the backlog. DTP notes that progression of certain backlog items is not wholly within the control of Metro Trains Melbourne. Those that are will be managed through to their conclusion through existing contract governance forums.</p> <p>On completion of the forthcoming Asset Management Strategies, DTP will assess whether maintenance and renewal activities under the current agreement are achieving these objectives and reflect outcomes within the performance measuring and reporting framework.</p>	30 Sep 2025
10	<p>Sets information requirements and approval timeframes for change requests, including a process and timeframe for escalating urgent and complex changes (see Section 4.2).</p>	<p><b>Accepted</b></p> <p>DTP will work with Metro Trains Melbourne to clarify roles and responsibilities with regards to change requests, including escalation pathways.</p> <p>DTP will develop a more standardised approach to change request review and management including well defined entry criteria and review workflows.</p>	31 Oct 2023