

# Western Australian Auditor General's Report



## Transparency Report: Major Projects



Report 6: 2020-21  
29 October 2020

Office of the Auditor General  
Western Australia

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(to assist people with hearing and voice impairment)

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***The Office of the Auditor General acknowledges the traditional custodians throughout Western Australia and their continuing connection to the land, waters and community. We pay our respects to all members of the Aboriginal communities and their cultures, and to Elders both past and present.***

## WESTERN AUSTRALIAN AUDITOR GENERAL'S REPORT

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### **Transparency Report: Major Projects**



**THE PRESIDENT  
LEGISLATIVE COUNCIL**

**THE SPEAKER  
LEGISLATIVE ASSEMBLY**

### **TRANSPARENCY REPORT: MAJOR PROJECTS**

This report has been prepared for submission to Parliament under the provisions of section 25 of the *Auditor General Act 2006*.

The objective of this review is to provide transparency to Parliament and the public around the cost and time performance of 15 major State government projects.

I wish to acknowledge the entities' staff for their cooperation with this report.

A handwritten signature in black ink, appearing to read 'C Spencer'.

CAROLINE SPENCER  
AUDITOR GENERAL  
29 October 2020

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## Auditor General's overview

The State Government, often with joint investment from the Commonwealth Government, invests billions of dollars each year in major projects to build roads, hospitals, schools, prisons and other government infrastructure for the people and economy of Western Australia. Despite this significant investment of public money, Parliament and the public cannot easily access information on the progress of these projects.



My Office has commented on this lack of transparency in a number of previous reports.<sup>1</sup> Similarly, the Western Australian Government's 2018 *Special Inquiry into Government Programs and Projects* recommended that government 'provide information about major projects in an accessible and transparent way to the public.'

It is my view that Government should provide regular public reporting on the status of major projects to Parliament and the public. Public reporting will serve to satisfy public interest, promote accountability, and build community trust and confidence around the management of these major public investments. It is my intention to periodically report and track a selection of major projects until Government fills the gap.

Many State government entities have reprioritised their resources in 2020 to focus on supporting the State Government's response to the COVID-19 pandemic. In recognition of this, my Office placed this review and a number of other audits on hold.

I am pleased to have been able to recommence this review and to now report to Parliament and the public on the status of a selection of major Western Australian projects. Where relevant, any impacts of COVID-19 on project costs and delivery timeframes are included in the project summary sheets within this report.

I thank the staff at each of the entities for their cooperation and assistance in completing this work, and strongly encourage entities to publicly report on the progress of projects on a regular basis.

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<sup>1</sup> Western Australian Auditor General's Report, [Major Capital Projects, Report 12 - October 2012](#), Western Australian Auditor General's Report, [Fiona Stanley Hospital Project, Report 5 – June 2010](#)

# Executive summary

## Introduction

The objective of this review is to provide transparency to Parliament and the public around the cost and time performance of 15 major State government projects. Over half of the projects we selected were still in their early stages of planning or with construction about to commence. We also included some higher profile projects that are at or near completion.

For the purpose of this report we have defined major projects as either a single project or program of works that costs \$10 million or more.

Project summary sheets provide a summary, overall status, and the Office of the Auditor General's (OAG) assessment for each selected project.

## Background

Despite the significant investment in Western Australia of public money in major projects, Parliament and the public cannot easily access information on their progress. Our Office's previous report on major projects in 2012<sup>2</sup> highlighted that 'publicly available information on major projects is disparate and inconsistent, making it difficult to get a full and accurate picture of progress and performance'.

Similarly, the Western Australian Government's 2018 *Special Inquiry into Government Programs and Projects* reported that government had 'defaulted to confidentiality around major projects rather than transparency' and recommended that government 'provide information about major projects in an accessible and transparent way to the public'.

Since 5 June 2020, Cabinet has received a fortnightly Major Projects Report on all major projects valued at over \$100 million or of high public interest, as part of the Government's response to the COVID-19 pandemic. The high level information on actual cost and time status against approved budgets contained in these reports is not available to Parliament or the public.

In May 2020, Cabinet approved the establishment of the Infrastructure Delivery Unit (IDU) within the Department of Finance (Finance) for an initial period of 2 years. The IDU has the authority to oversee, and where required, direct and deliver capital works projects and project management for residential and non-residential buildings across government. This excludes projects within the Transport portfolio and the government trading enterprises (GTEs). The IDU has been established and brings delivery of residential building projects under central oversight and stewardship of Finance, which is already responsible for the delivery of the majority of non-residential building construction within government.

To ensure a coordinated and whole-of-government approach to reporting on project progress, the IDU will deliver a monthly project status report to the Expenditure Review Committee (ERC). The report will include all State infrastructure projects including those of GTEs and Transport entities. The IDU expects that reporting arrangements will be similar to those currently in place for the Major Projects Report received by Cabinet.

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<sup>2</sup> Western Australian Auditor General's Report, [Major Capital Projects, Report 12 - October 2012](#)

## Conclusion

In compiling this transparency report, nothing has come to our attention to indicate that, in all material respects, information provided in the project summary sheets within this report is not accurate and reliable.

There are monitoring and internal reporting processes in place for all of the projects, and entities were able to provide reasonable and substantiated explanations of variations where relevant when requested by the OAG. However, none of the 15 projects publicly report cost and time progress on a regular basis.

All 15 projects are being managed within their current approved funding. While detailed planning resulted in increased funding for 3 projects, another 5 projects had their funding reduced.

There are increased cost and time risks for projects still in the early stages of planning. Two projects (Rottnest Island's Main Jetty and South Thomson Bay Development) are still to establish start or completion dates more than a year after being funded.

Of the 3 projects nearing completion, 2 (Metronet – Forrestfield-Airport Link and the New State Museum) are within their approved reduced funding despite both having experienced time delays of over a year. The first stage of Bob Hawke College was completed on time in January 2020, and within its revised approved budget, but has cost over \$4 million more than originally budgeted.

The procedures we performed in this limited assurance direct engagement, conducted in accordance with the Standard on Assurance Engagements ASAE 3500 Performance Engagements, vary in nature, timing and extent from an audit, which provides reasonable assurance. As such, the level of assurance provided in this report is substantially lower than for an audit.

## Findings

Table 1 provides a summary of the 15 selected projects and our assessment of their status against their current approved cost budgets (inclusive of operating and capital expenditure) and completion dates. Current approved budgets are those approved by Cabinet, approved dates are those approved by the project steering committees and reported to Cabinet.

	Project name	Project phase			Status at 31 August 2020		
		Planning	Procurement	Delivery	Cost	Time	OAG assessment
1	Casuarina Prison Expansion – Stage 2						
2	Greenough Regional Prison – Female Unit Upgrade						
3	Geraldton Health Campus Redevelopment						
4	Joondalup Health Campus Development – Stage 2						
5	John Forrest Secondary College Redevelopment						
6	Bob Hawke College – Stage 1						
7	Metronet – Forrestfield-Airport Link						
8	New State Museum						
9	Queen Victoria Street – Swan River Crossing						
10	Tonkin Highway Gap – Collier Road to Stanton Road						
11	Tonkin Highway Grade Separation – Hale, Welshpool and Kelvin Roads						
12	Tonkin Highway Stage 3 Extension – Thomas Road to South Western Highway						
13	Fuel Jetty Rottnest Island						
14	Main Jetty Rottnest Island						
15	South Thomson Bay Development Rottnest Island						

Source: OAG

**Table 1: OAG status assessment of selected major projects at 31 August 2020**

Table 2 is the risk matrix we used to assess cost and time status of projects and to form our overall assessment.

	Significant	Medium	On-track
<b>Cost</b>	Actual or forecast cost more than 10% over current approved budget	Actual or forecast cost between 5 to 10% over current approved budget	Actual or forecast cost less than 5% over current approved budget
<b>Time</b>	Actual or forecast delivery more than 6 months over current approved time	Actual or forecast delivery between 3 to 6 months over current approved time	Actual or forecast delivery less than 3 months over current approved time
<b>OAG assessment</b>	Both cost and time at significant risk	Either cost or time at significant or medium risk	No cost and time risk evident at report date

Source: OAG

**Table 2: Risk matrix used to assess project status**

### Six projects are at various stages of planning

Ideally, projects will have a sound business case developed prior to funding approval. Where this is not the case, we expected business cases to be reasonably well advanced for projects that have had funding approved for more than a year.

Two projects, the Main Jetty and the South Thomson Bay Development at Rottnest Island have had site investigations and assessments done to inform business case development. These projects have had funding approved for over a year. The original 2019-20 budget funding for these projects was \$5.65 million and \$10 million respectively. This was reduced to \$4 million and \$9.15 million respectively in the December 2019 mid-year review with funding reallocated to the Fuel Jetty at Rottnest Island, currently in the delivery phase.

Two projects, Casuarina Prison and Greenough Regional Prison are in the latter stages of planning.

- The Casuarina Prison budget has been reduced by \$1.1 million and approved delivery extended by 12 months from December 2022 to December 2023.
- For Greenough Regional Prison a budget of \$12.35 million was approved in the 2019-20 budget papers. The project is behind schedule and is not expected to be completed until August 2021.

Two Tonkin Highway corridor upgrade projects are progressing against their original approved budgets and timing. Work is expected to start in 2022.

### Four projects are in procurement phase

Three of the projects, John Forrest Secondary College and Geraldton and Joondalup Health Campuses have awarded contracts to commence preliminary works. Further, tender processes are underway for the construction contract for John Forrest Secondary College, and detailed planning and design for major construction works at Geraldton and Joondalup Health Campuses is continuing prior to tendering and procurement.

Tender processes are underway for the construction contract for the Queen Victoria Street – Swan River Crossing.

### Five projects are in delivery phase

Metronet – Forrestfield-Airport Link and the New State Museum are within their revised approved funding. However, both have experienced time delays of over a year:

- Delays in tunnelling for the Metronet project that impacted timing for the rest of the project have been well publicised. Any further delays will place revised cost and time estimates at risk.
- The New State Museum experienced delays in planning approvals at commencement and there remains some cost risk until fit out is complete.

The first stage of Bob Hawke College was completed on time and within the approved revised budget, but at a cost of over \$4 million more than originally budgeted.

A contract was awarded in June 2020 for construction of the Tonkin Highway Gap – Collier Road to Stanton Road project. Work is expected to start in October 2020 and be completed by September 2023. The project is within original cost and time estimates.

Rottnest Island's Fuel Jetty has commenced construction. It is within its approved revised budget and on time to be completed by November 2020.

### Regular monitoring and internal reporting processes are in place for all the projects

We found regular monitoring and internal reporting of project status for all of the projects. At the time of our review, project teams were reporting regularly to project steering committees and/or entity management. In addition, progress for many of the projects is regularly reported to Cabinet. Reports typically include progress against key milestones as well as cost and time budgets. Key variances and associated risks were also explained in most of the reports. Entities were able to provide supporting evidence for a sample of progress reports we reviewed.

The level of project oversight varied depending on the value and complexity of the projects. For example:

- the relatively lower value Rottnest Island projects are managed by an internal project team and reported on a regular basis to the executive
- projects such as the New State Museum and the Metronet – Forrestfield-Airport Link have multi-entity steering committees, including representatives from the Departments of Finance and Treasury.

For 11 of the 15 projects we selected, Finance prepares a fortnightly status report to Cabinet. Table 3 summarises the project oversight for each of the selected projects.

	Project name	Oversight	Progress reporting
1*	Casuarina Prison Expansion – Stage 2 (Planning)	Multi-entity steering committee	Monthly steering committee Fortnightly Cabinet
2*	Greenough Regional Prison – Female Unit Upgrade (Planning)	Multi-entity steering committee	Monthly steering committee Fortnightly Cabinet
3*	Geraldton Health Campus Redevelopment (Procurement)	Multi-entity steering committee	Monthly steering committee Fortnightly Cabinet
4	Joondalup Health Campus Development – Stage 2 (Procurement)	Multi-entity steering committee	Monthly steering committee Fortnightly Cabinet

	Project name	Oversight	Progress reporting
5*	John Forrest Secondary College Redevelopment (Procurement)	Department of Education Infrastructure Sub-Committee	Monthly to executive
6*	Bob Hawke College – Stage 1 (Delivery)	Multi-entity steering committee chaired by Minister for Education	Steering committee (as scheduled) Monthly to executive Fortnightly Cabinet
7	Metronet – Forrestfield-Airport Link (Delivery)	Multi-entity steering committee	Monthly steering committee Fortnightly Cabinet
8*	New State Museum (Delivery)	Multi-entity steering committee	Monthly steering committee Fortnightly Cabinet
9	Queen Victoria Street – Swan River Crossing (Procurement)	Multi-entity steering committee	Monthly steering committee Fortnightly Cabinet
10	Tonkin Highway Gap – Collier Road to Stanton Road (Delivery)	Multi-entity steering committee	Monthly steering committee Fortnightly Cabinet
11	Tonkin Highway Grade Separation – Hale, Welshpool and Kelvin Roads (Planning)	Internal steering committee with relevant directorate and entity project control group involvement in early planning	Monthly steering committee Fortnightly Cabinet
12	Tonkin Highway Stage 3 Extension – Thomas Road to South Western Highway (Planning)	Internal steering committee with relevant directorate and entity project control group involvement in early planning	Monthly steering committee Fortnightly Cabinet
13	Fuel Jetty Rottnest Island (Delivery)	Entity project management team	Monthly to executive
14	Main Jetty Rottnest Island (Planning)	Entity project management team	Updates to board and executive
15	South Thomson Bay Development Rottnest Island (Planning)	Entity project management team	Updates to board and executive

Source: OAG

**Table 3: Oversight, monitoring and reporting for selected major projects**

*\* Managed by Department of Finance*

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## Recommendation

The Departments of Finance and Treasury, and Infrastructure WA should work together to improve transparency through regular reporting to Parliament and the public on the cost, time and status of major projects.

### Joint response:

The Department of Treasury, Department of Finance, and Infrastructure WA support the recommendation in principle. Factors that would need to be taken into account in implementing this recommendation include:

- establishing agreed parameters to identify priority projects for public reporting;
- establishing the appropriate format, function, timing and frequency of reporting that meets the needs of the intended audience;
- ensuring that the report is consistent with and complementary to other reports, with minimal duplication of information. In this regard, enhanced transparency in public reporting must deliver a balance between the public benefit of such reporting and the costs of providing that transparency;
- ensuring that the data and narrative provided in any public reporting is sufficiently clear to minimise (and, preferably, eliminate) the potential for ambiguous interpretation and inference;
- ensuring that appropriate protections are in place to preserve the confidentiality of information, where applicable under relevant legislation and in the public interest. For example, the government has a responsibility to appropriately manage the commercial confidential interests of parties it contracts with, for the benefit of those parties, future suppliers and the broader market; and
- formalising appropriate governance arrangements for report development and approval and consultation with relevant agencies noting in particular the need for Ministerial involvement in any reporting to Parliament.

We suggest the Works Agency Council be consulted on the design of any report. At its most recent meeting, on 14 October, members discussed publication of publicly-available information on the state's capital works program. There were some diverging views on the nature of the report, and the level of detail required. Overall, while members viewed the Council as having a role in developing the report, it ultimately concluded that projects related to economic and regional stimulus, and achieving Government's social policy objectives, should have a higher priority at this time.

**Implementation timeframe:** 30 June 2021

## Focus and scope

The objective of this transparency review was to provide information to Parliament and the public around the cost and time performance of a selection of major projects. The key questions we asked were:

- What is the current status of costs (at 30 June 2020) and timing (at 31 August 2020) for each project against approved funding?
- Do entities effectively monitor and report using key project progress indicators?
- Can entities provide a reasonable and substantiated explanation where there are significant variations in costs and timing?

We reviewed 15 projects at 8 entities. For projects managed on behalf of entities by Finance we obtained and compared financial data from both entities.

We confirmed funding approval processes, project management, status reporting requirements and general project status information with the Department of Treasury, and where relevant the entity.

We liaised with Infrastructure WA on their role in future planning and reporting for major projects.

During the review we:

- interviewed staff at the 8 entities
- reviewed relevant project documents and reports
- assessed the reliability of information provided
- confirmed the validity of reasons for project variances.

This was a limited assurance direct engagement, conducted under Section 18 of the *Auditor General Act 2006*, in accordance with the Standard on Assurance Engagements ASAE 3500 *Performance Engagements* issued by the Australian Auditing and Assurance Standards Board. We complied with the independence and other ethical requirements relating to assurance engagements.

The approximate cost of undertaking the limited assurance review was \$278,000.

# Project summary sheets

## Project 1

### Casuarina Prison Expansion – Stage 2

Entity Department of Justice – managed by Department of Finance

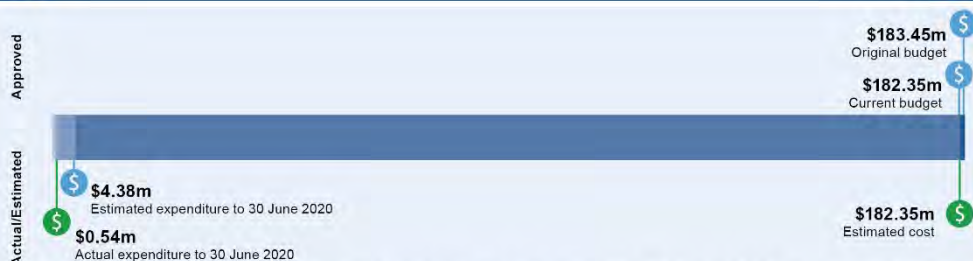
Phase Planning

#### OAG's assessment

The project is in the latter stages of planning and is within its revised time and cost budget. A Project Definition Plan (PDP) has been approved. The project is forecast to commence in April 2021 as planned in the original business case. A recent decision to fast-track the project may bring forward the completion date by 3 months from December to September 2023.



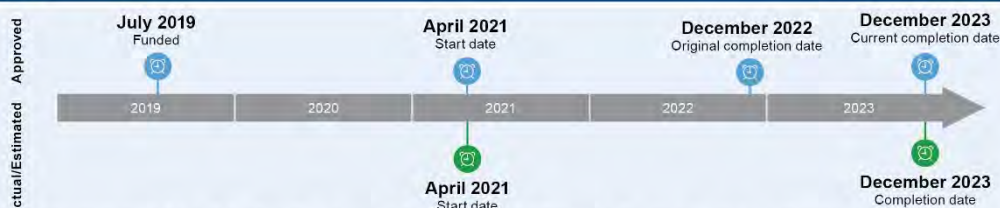
#### Cost



Project funding was reduced by \$1.10 million in December 2019. Funding of \$183.45 million was originally approved for the project in July 2019. This was reduced to \$182.35 million during the 2019-20 mid-year review and funds reallocated to the Bunbury Prison Expansion project.

As at 30 June 2020 the project is underspent by \$3.84 million as the PDP cost less than estimated and the requirement to seek ERC endorsement of the PDP was not reflected in the cash flow. A carryover request for the remaining capital funds has been submitted to Cabinet.

#### Time



The project completion date has been extended by 12 months. The business case estimated a construction completion date of December 2022 but during development of the PDP was later changed to reflect a 2 phase delivery. The PDP estimated that the first phase, would be completed by December 2022 to see handover of the mainstream units containing 248 beds and some critical support facilities. This was proposed to ease capacity demands, should they arise, and provide additional time to refine the remainder of the project scope which is more complex in nature. The second phase, to be completed by December 2023, was to deliver another 96 beds.

Following the decision to fast track the first phase and some changes to that phase to include the High Security Unit, current delivery is now estimated to be the second quarter of 2022 (approximately 6 months earlier than originally planned) and will deliver 288 beds, 40 more than estimated in the PDP. The second phase is now estimated to be delivered by the third quarter of 2023 (approximately 3 months earlier than the current approved completion date) and will deliver the remaining 56 beds.

### **Project summary**

A long term custodial infrastructure plan and business case to increase capacity in the custodial estate in 3 stages between 2021-2031 was submitted to Government as part of the 2019-20 budget process. The first phase was approved, which included expanding Casuarina Prison to add 344 beds, with a focus on better management of high need groups. The proposed solution will provide step-up/step-down mental health, assisted care, super maximum security and mainstream accommodation as well as upgrades and expansion to other support buildings and services in the facility.

### **Project status**

At 30 June 2020 the PDP had been approved by the Minister for Corrective Services and Expenditure Review Committee and was proceeding to documentation for the first phase.

### **Response from the Department of Justice**

We confirm the cost and time information and associated commentary presented in the above Project Summary Sheet is an accurate reflection of the status of the project as at 31 August 2020.

We agree with the OAG's assessment of the project status.

## Project 2

### Greenough Regional Prison – Female Unit Upgrade

**Entity** Department of Justice – managed by Department of Finance

**Phase** Planning

#### OAG's assessment

The project is within its revised cost budget. There remains a high degree of uncertainty around project cost and time estimates.

The first stage of the project is nearing completion. The second stage is yet to start.



#### Cost



\$12.35 million was approved in July 2019, following a detailed review of the scope during the planning phase. At 30 June 2020 actual project expenditure was \$8.95 million (96%) less than estimated expenditure.

#### Time



The project start date was delayed due to the approval process for the scope of works taking longer than expected. Preliminary works, Stage 1, tender was awarded in March 2020. Stage 2 is yet to start but is expected to be completed in August 2021.

## Project summary

The Greenough Regional Prison Female Unit Upgrade project includes construction of a pulse-energised perimeter fence and additional support buildings to provide health, consulting, education and employment services to female prisoners.

## Project status

Works have been divided into 2 packages:

- **Package 1** – Preliminary (enabling) Works – includes temporary sallyport, temporary access road and upgrade to Unit 4 sector fence including a pulse-energised topper.
- **Package 2** – Unit 4 Support Buildings, including health, consulting, education and employment services facilities.

At August 2020:

- **Package 1** - temporary sallyport is complete, access roads are complete, work has commenced on the Unit 4 sector fencing, expected completion is October 2020. The Preliminary Works must be completed, prior to the commencement of Package 2 works.
- **Package 2** - works tender documentation went to market on 24 August 2020. The expected completion of the Package 2 works is August 2021.

## Response from the Department of Justice

We confirm the cost and time information and associated commentary presented in the above Project Summary Sheet is an accurate reflection of the status of the project as at 31 August 2020.

We agree with the OAG's assessment of the project status.

Due to an extensive consultation process with the site and key stakeholders, the project commencement and hence completion is delayed.

## Project 3

### Geraldton Health Campus Redevelopment

**Entity** Department of Health – WA Country Health Service – managed by Department of Finance

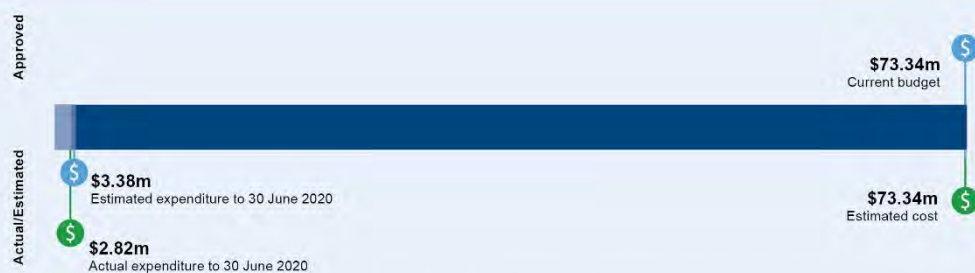
**Phase** Procurement

#### OAG's assessment

The project is within its cost budget and revised time for completion. However, COVID-19 has caused additional delays that increase the risk that the project will not be completed by September 2023.



#### Cost



Funding of \$73.3 million was approved in July 2018. At 30 June 2020 the actual project expenditure was \$0.56 million (17%) less than estimated expenditure.

We note the October 2020-21 Budget Papers show a project budget of \$82.29 million. This reflects a contribution of Commonwealth funds towards a new oncology unit at the Geraldton Health Campus in addition to the project budget of \$73.34 million. However, at the time of reporting the new oncology unit has not been fully costed or incorporated into planning for the Geraldton Health Campus project.

#### Time



The project completion date has been extended by 14 months. The original project start and finish dates for main works construction were delayed by over a year due to the schematic designs taking longer than expected. COVID-19 has caused further delays in planning, putting the estimated completion date at risk. The project is forecast to start in June 2021.

## Project summary

The Geraldton Health Campus infrastructure is currently at capacity and requires significant redevelopment in order to meet the current and projected demand for health services. The Geraldton Health Stage 1 Redevelopment will deliver:

- a redeveloped and expanded Emergency Department
- a new Integrated Mental Health Service
- a redeveloped and expanded Intensive Care Unit/High Dependency Unit
- a reconfigured Main Entry
- essential engineering service upgrades including the replacement of chillers
- redesign and expansion of car parking.

## Project status

The Geraldton Health Campus Redevelopment project has been split into 2 distinct work packages:

1. Forward Works comprising the external car parking and access road requirements and the creation of the new entries
2. Main Works comprising the redevelopment and development of new clinical areas.

The Forward Works package went to tender in February 2020. The Main Works package started design development in February 2020.

## Response from WA Country Health Service

We confirm the cost and time information and associated commentary presented in the above Project Summary Sheet is an accurate reflection of the status of the project as at 31 August 2020.

We agree with the OAG's assessment of the project status.

## Project 4

### Joondalup Health Campus Development – Stage 2

**Entity** Department of Health – North Metropolitan Health Service

**Phase** Procurement

#### OAG's assessment

The project is within its revised time and cost budget. Early works started in July 2020.

Scope increases during planning have delayed project completion by 18 months and resulted in an increase of \$96 million to the cost budget.



#### Cost



Project funding was increased by \$96 million. Funding of \$158 million was initially allocated for the project in the 2018-19 Budget. This was revised to \$160.7 million in the 2019-20 Budget following approval of the Business Case. Cabinet approved a further increase of \$96 million during the 2019-20 Mid-year Review after revisions were made to the project scope to provide extra mental health beds, a new operating theatre and additional inpatient beds. Total project budget is currently \$256.7 million.

At 30 June 2020 actual project expenditure was \$4.82 million (59%) less than estimated expenditure due to a number of delays including:

- business case approval was delayed from the 2018-19 mid-year review to the 2019-20 Budget
- the Project Definition Plan needing to include additional scope and approval by Government
- the project is contingent on reaching agreement with the managing contractor on aspects of the build and service provision at the site.

#### Time



The project completion date has been extended by 18 months. The Project Definition Plan included an increase to the project scope which resulted in the extension to the project completion time. COVID-19 also caused some resourcing delays. Early works construction started in July 2020.

### Project summary

The project will expand the Joondalup Health Campus providing new and enhanced health facilities to meet the demands of the rapidly growing population in the northern corridor in Western Australia. The project includes additional inpatient beds, mental health beds, emergency department bays, critical care beds, urgent care beds, an operating theatre, a cardiac catheterisation laboratory, increase in car parking bays, and essential upgrades to associated services and internal refurbishment works.

### Project status

North Metropolitan Health Service is working with the managing contractor to update concept drawings, cost plans and project schedules based on the revised budget and scope in the Project Definition Plan. Construction of an early works package, which includes fit out of the emergency department administration, commenced in July 2020.

### Response from North Metropolitan Health Service

We confirm the cost and time information and associated commentary presented in the above Project Summary Sheet is an accurate reflection of the status of the project as at 31 August 2020.

We agree with the OAG's assessment of the project status.

## Project 5

### John Forrest Secondary College Redevelopment

**Entity** Department of Education – managed by Department of Finance

**Phase** Procurement

#### OAG's assessment

The project is within its time and cost budget. Forward works have commenced. Detailed planning for the main works resulted in revisions to the original scope to meet budget and time constraints. The project is on track to achieve early completion by November 2023.



#### Cost



Funding of \$50 million was allocated in the 2018 Budget to commence in July 2019. At 30 June 2020 the actual project expenditure was \$570,000 (38%) more than estimated expenditure.

#### Time



The project completion date remains unchanged at February 2024. However, the Department of Education and the Department of Finance are working to achieve completion by November 2023.

The planning phase included extensive discussion on the project's scope between the school and the Department of Education which resulted in an increase in refurbishment works. Additional design time has been approved for scoping the refurbishment works and the conversion of the library to an administration building. Additional time has also been allowed for more school consultation.

### **Project summary**

The project is a 2017 election commitment. It consists of a \$50 million major rebuild and refurbishment at John Forrest Secondary College to modernise and expand the school's permanent facilities. The project will increase the accommodation onsite to 1,300 students.

### **Project status**

A Project Definition Plan has been completed. The forward works contract was awarded in January 2020. Design development is now complete and the procurement phase is progressing in relation to the main works.

### **Response from the Department of Education**

We confirm the cost and time information and associated commentary presented in the above Project Summary Sheet is an accurate reflection of the status of the project as at 31 August 2020.

We agree with the OAG's assessment of the project status.

## Project 6

### Bob Hawke College – Stage 1

**Entity** Department of Education – managed by Department of Finance

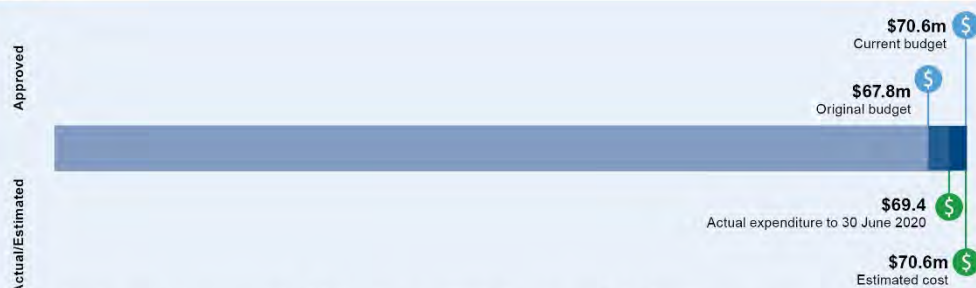
**Phase** Delivery

#### OAG's assessment

Stage 1 of the project was completed on time and within the revised approved budget.



#### Cost



Project funding was increased by \$2.8 million in 2018. Funding of \$67.8 million was originally approved in June 2017. Funding was increased following completion of the Project Definition Plan and tender. The increased funding allowed for amendments to the scope to include Stage 2 parking provisions and alterations to the gym, cafeteria and lecture theatre.

#### Time



The project was completed and handed over within the approved completion date. The main school buildings were completed on 9 December 2019 and an occupation permit issued on 10 December 2019. Some minor works involving landscaping and footpaths not essential for the operation of the school were completed on 31 January 2020.

### Project summary

The Bob Hawke College is a new inner city secondary school for 2,000 students at Kitchener Park in Subiaco. The project will be delivered in 2 stages with Stage 1 of the project accommodating 1,000 students. The new school will take significant enrolment pressure off the existing inner suburban schools of Shenton College, Churchlands Senior High School and Mount Lawley Senior High School which are currently at or near capacity. The school will offer local students access to years 7 to 12 on a single site without significant changes to local intake areas.

### Project status

Construction of Stage 1 of the Bob Hawke College is complete. The school opened for Term 1 of the 2020 school year. Stage 1 is in the post construction phase where any identified defects are rectified.

### Response from the Department of Education

We confirm the cost and time information and associated commentary presented in the above Project Summary Sheet is an accurate reflection of the status of the project as at 31 August 2020.

We agree with the OAG's assessment of the project status.

## Project 7

### Metronet – Forrestfield-Airport Link

**Entity** Public Transport Authority

**Phase** Delivery

#### OAG's assessment

The project is within its revised time and cost budget. Completion has been delayed by 18 months to December 2021. Further stoppages and delays will increase the risk of the project going over time and budget.



#### Cost

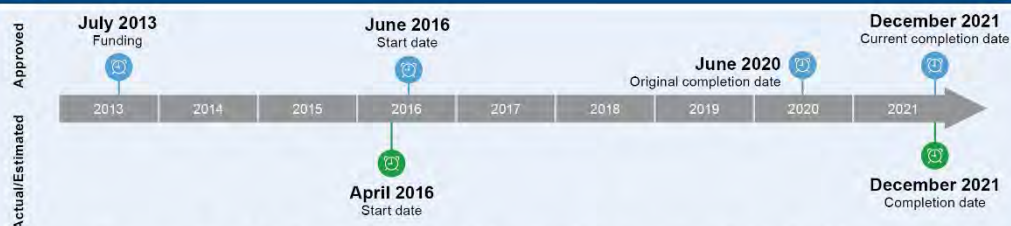


Project funding was reduced by \$160 million. Funding of \$2,015 million was originally approved for the Airport Rail project in the 2013-14 Budget under the Department of Transport. The project was transferred to the Public Transport Authority in the 2014-15 Budget and funding increased to \$2,021 million. This was reduced to \$1,861 million in the 2017-18 Budget with \$60 million for rail cars transferred to the Future Urban Railcar Procurement Program and a further \$100 million returned to Treasury.

However, at 30 June 2020 expenditure was \$490.4 million (29%) lower than estimated due to significant delays in the:

- construction phase as a result of slower tunnelling progress due to stoppages and clogging of the machines, water leak incident near Dundas Cross Passage and slower progress generally across the project
- slower than expected commissioning of resources and commercial support expected to be required for the later stages of the project
- savings realised by the Public Transport Authority for works which are being delivered separately from the major design and construct contract.

#### Time



The project completion date has been delayed by 18 months. The construction phase has experienced delays due to unexpected stoppages in tunnelling, slower than expected tunnelling due to clogging in the tunnel boring machines and a water leak causing a sinkhole at Dundas Cross Passage. This delayed all work sites and the completion date.

### **Project summary**

The \$1,861 million Metronet – Forrestfield-Airport Link is jointly funded by the Commonwealth and Western Australian Governments and will deliver a new rail service to the eastern suburbs of Perth. The project includes 3 new stations at Redcliffe, Airport Central and Forrestfield.

### **Project status**

At 30 June 2020, all tunneling has been completed and both tunnel boring machines (TBM) have been removed from Bayswater Drive. TBM Grace broke through on 18 February 2020 and TBM Sandy arrived on 20 April 2020. Seven out of 12 Cross Passages which connect each tunnel have been completed.

Works at High Wycombe Station, Airport Central Station (similar to the Perth Underground) and Redcliffe Station (similar to Elizabeth Quay Station) are ongoing. Works have commenced on the fit-out of the tunnels including the fire main, track slab and emergency walkway.

### **Response from the Public Transport Authority**

We confirm the cost and time information and associated commentary presented in the above Project Summary Sheet is an accurate reflection of the status of the project as at 31 August 2020.

We agree with the OAG's assessment of the project status.

## Project 8

### New State Museum

**Entity** Department of Local Government, Sport and Cultural Industries – managed by Department of Finance

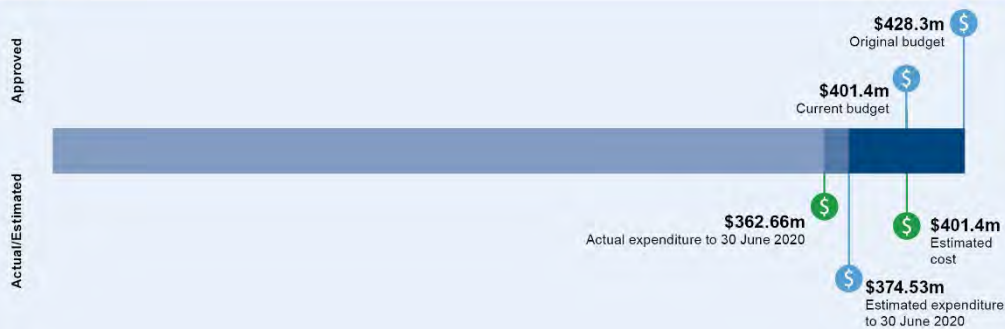
**Phase** Delivery

#### OAG's assessment

The project is within its revised time and cost budget. The risks to time and cost for final fitout appear low but some uncertainty remains relating to the impact of the ongoing COVID-19 pandemic. The project is about a year behind the original forecast date for completion but within the revised completion date following the later than planned start.



#### Cost



Funding of \$428.3 million was originally approved for the project in June 2012. Funding was subsequently reduced to reflect savings achieved during design development.

At 30 June 2020 actual project expenditure was \$11.87 million (3%) less than estimated. These funds will be fully used to complete the Content Works and remaining Base Build external works.

#### Time



The project completion date has been extended by 12 months. The November 2012 business case included a June 2016 start date for construction of the New Museum. The managing contract for construction commenced in July 2016. The fit out of the galleries is ongoing until the November completion date. The Museum is expected to open on 21 November 2020.

### **Project summary**

The New State Museum project comprises a redevelopment on the existing Perth Cultural Centre site, including both new buildings and the refurbishment of existing heritage buildings. The project also includes the redevelopment of the Collections and Research Centre located in Welshpool.

### **Project status**

Practical Completion (PC) for the Base Build Works was achieved on 29 November 2019, excluding landscaping works. The Managing Contractor is on track to achieve PC of the Content Works on 6 November 2020 with the opening date scheduled for 21 November 2020.

### **Response from the Department of Local Government, Sport and Cultural Industries**

We confirm the cost and time information and associated commentary presented in the above Project Summary Sheet is an accurate reflection of the status of the project as at 31 August 2020.

We agree with the OAG's assessment of the project status.

## Project 9

### Queen Victoria Street – Swan River Crossing

Entity Main Roads WA

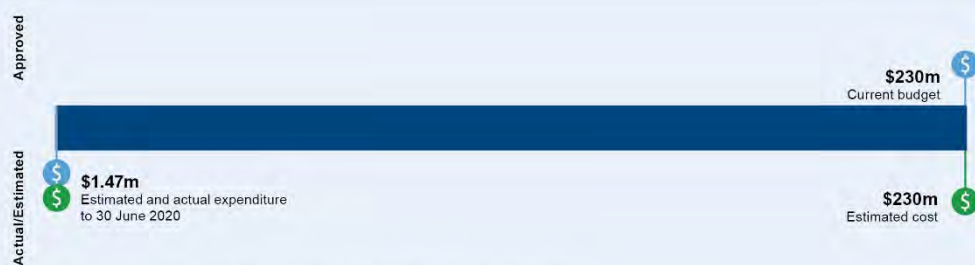
Phase Procurement

#### OAG's assessment

The project is in the early stages of procurement and currently within its time and cost budget. The project has been identified for fast tracking to assist the COVID-19 pandemic recovery. This will bring forward the start and completion dates. A preliminary business case is being developed for submission to Infrastructure Australia.



#### Cost



Funding of \$230 million was approved for the project in July 2019.

At 30 June 2020, actual and estimated project expenditure were \$1.47 million.

#### Time



A preliminary business case is being developed for submission to Infrastructure Australia. Preliminary planning had a start date of late 2021 and a finish date of June 2024. However, this project has been identified for fast tracking, to assist recovery from the COVID-19 pandemic. The start date is now planned for September 2021 and the completion date is October 2023.

### Project summary

This project will provide a replacement road bridge to the east of the current Fremantle Traffic Bridge and enable a dedicated freight rail connection to the Fremantle Port. The project includes:

- a bridge with two traffic lanes in each direction, a rail bridge beside it, and a Principle Shared Path
- realignment of Queen Victoria Street and Canning Highway south to suit the new bridge
- part demolition of the existing timber traffic bridge
- conservation of parts of the existing bridge for heritage purposes
- realignment of the existing rail bridge over Tydeman Road.

### Project status

A Project Steering Committee was formed in November 2019. Project development activities including design work, environmental, indigenous and heritage approvals and service relocation requirements continued throughout the 2019-20 financial year. The tender process for the construction contract started in August 2020.

### Response from Main Roads WA

We confirm the cost and time information and associated commentary presented in the above Project Summary Sheet is an accurate reflection of the status of the project as at 31 August 2020.

We agree with the OAG's assessment of the project status.

## Project 10

### Tonkin Highway Gap – Collier Road to Stanton Road

Entity Main Roads WA

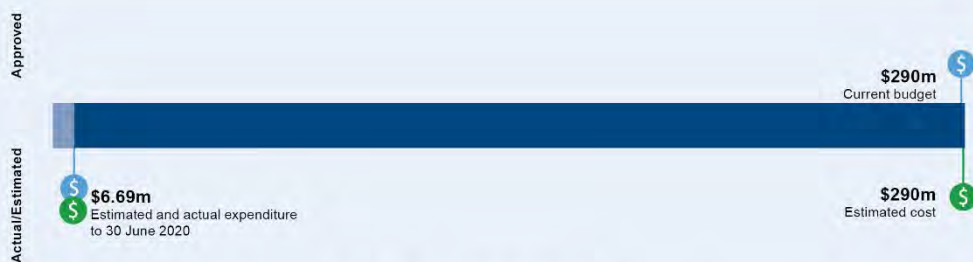
Phase Delivery

#### OAG's assessment

The project is in the delivery phase and within its time and cost budget. The planning and procurement phases of the project are complete. A business case was submitted to Infrastructure Australia in June 2020.



#### Cost



Funding of \$290 million was approved for the project in July 2019.

At 30 June 2020 the estimated and actual expenditure for the project was \$6.69 million.

#### Time



A business case was submitted to Infrastructure Australia in June 2020. Government identified the project as suitable for fast tracking to assist the COVID-19 pandemic recovery. The start date is planned for October 2020 and completion date is planned for September 2023.

### Project summary

By 2031, the Tonkin Highway corridor is projected to have the second highest delay cost of all major road corridors across Australia. An opportunity exists to reduce congestion and safety risks within the corridor by improving the movement of freight and people along the entire Tonkin Highway.

The project will provide additional lanes on Tonkin Highway to match Northlink and Gateway projects. This requires another bridge over the Swan River, additional structures over Guildford Road and Railway Parade and a new structure over Dunstone Road. A number of existing structures will then need to be reconfigured to suit new traffic configuration.

### Project status

The contract to commence construction was awarded in June 2020. Construction is expected to start in October 2020.

### Response from Main Roads WA

We confirm the cost and time information and associated commentary presented in the above Project Summary Sheet is an accurate reflection of the status of the project as at 31 August 2020.

We agree with the OAG's assessment of the project status.

## Project 11

### Tonkin Highway Grade Separation – Hale, Welshpool, Kelvin Roads

Entity Main Roads WA

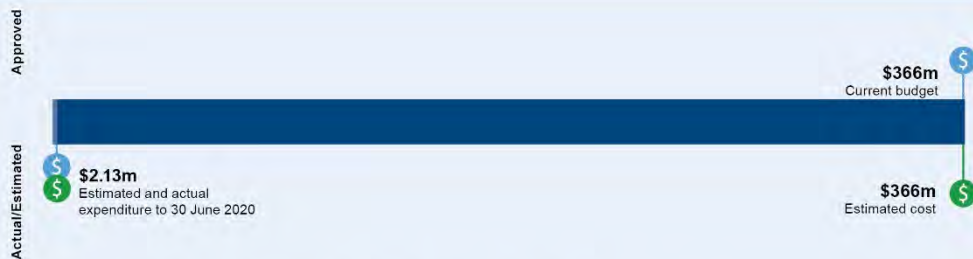
Phase Planning

#### OAG's assessment

The project is in the planning phase and within its time and cost budget. A final business case is being developed for submission to Infrastructure Australia.



#### Cost



Funding of \$366 million was approved for the project in July 2019.

At 30 June 2020 the actual and estimated project expenditure was \$2.13 million.

#### Time



A final business case is being developed for submission to Infrastructure Australia. Main Roads WA is working towards a start date of January 2022 and a completion date of June 2024. The project schedule is subject to the findings of site investigations and regulatory approvals with a more refined project delivery schedule being determined as the planning and development works progress.

## Project summary

By 2031 the Tonkin Highway corridor is projected to have the second highest delay cost of all major road corridors across Australia. An opportunity exists to reduce congestion and safety risks within the corridor by improving the movement of freight and people along the entire Tonkin Highway.

This project will provide Roe Highway grade separations at Hale Road, Welshpool Road and Kelvin Road. Delivering grade separations concurrently north of Hale Road to Kelvin Road in the south, will provide for an additional 5 kilometres of freeway grade roadway to the existing network.

Specifically, this option would provide for an additional lane in both directions with wide shoulder lanes to allow for a fourth lane as required, whilst also removing intersections to allow for traffic speeds to increase from 80km/h to 100km/h. The project also includes construction of a Principle Shared Path on the eastern side from the existing Principle Shared Path south of Roe Highway to Maddington Road.

## Project status

The project is in the planning phase with the following activities either commenced or complete:

- Hale Road connectivity options assessment commenced
- Underground utility investigation survey commenced
- Indigenous monitor works (for geotechnical investigations) complete
- Baseline noise monitoring investigations complete
- Traffic survey complete and data delivered
- Traffic modelling commenced.

## Response from Main Roads WA

We confirm the cost and time information and associated commentary presented in the above Project Summary Sheet is an accurate reflection of the status of the project as at 31 August 2020.

We agree with the OAG's assessment of the project status.

## Project 12

### Tonkin Highway Stage 3 Extension – Thomas Road to South Western Highway

Entity Main Roads WA

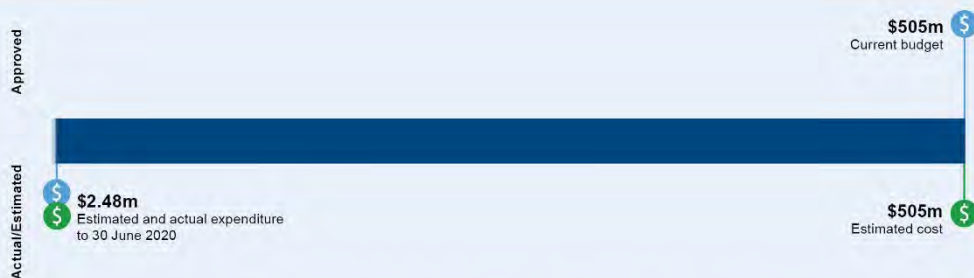
Phase Planning

#### OAG's assessment

The project is in the planning phase and is within its time and cost budget. A final business case is being developed for submission to Infrastructure Australia.



#### Cost



Funding of \$505 million was announced by the Commonwealth Government in April 2019 and included in the 2019-20 Budget Papers. Main Roads WA will undertake a comprehensive analysis and detailed economic modelling during future stages of business case development.

At 30 June 2020 actual and estimated project expenditure was \$2.48 million. A full business case has still to be completed and approved.

#### Time



A final business case is being developed for submission to Infrastructure Australia. Main Roads WA is working towards a start date of January 2022 and a completion date of December 2024. The project schedule is subject to the findings of site investigations and regulatory approvals with a more refined project delivery schedule being determined as the planning and development works progress.

### Project summary

By 2031 the Tonkin Highway corridor is projected to have the second highest delay cost of all major road corridors across Australia. An opportunity exists to reduce congestion and safety risks within the corridor by improving the movement of freight and people along the entire Tonkin Highway.

The project is planned to construct the 14km four lane extension of Tonkin Highway from Thomas Road to South Western Highway south of Mundijong Road. The scope includes:

- 4 lanes road extension (2 lanes each direction) from Thomas Rd to South Western Highway
- flyover interchange at Tonkin Highway Extension and Thomas Road
- flyover separation interchange at Tonkin Highway Extension and Bishop Road
- a possible future freight rail realignment.

### Project status

Land use and network amendment approvals have been received. Extensive project planning and development are ongoing to determine scope details, including a Multi Criteria Analysis of the proposed interchange forms, groundwater monitoring, traffic modelling and environmental assessments. Investigations are also underway to identify whether the future freight rail realignment can be constructed at the same time as the Tonkin Highway Extension project.

### Response from Main Roads WA

We confirm the cost and time information and associated commentary presented in the above Project Summary Sheet is an accurate reflection of the status of the project as at 31 August 2020.

We agree with the OAG's assessment of the project status.

## Project 13

### Fuel Jetty Rottnest Island

**Entity** Department of Biodiversity, Conservation and Attractions – Rottnest Island Authority (RIA)

**Phase** Delivery

#### OAG's assessment

The project is within its time and revised cost budget. The design and construct contract was awarded in April 2020.

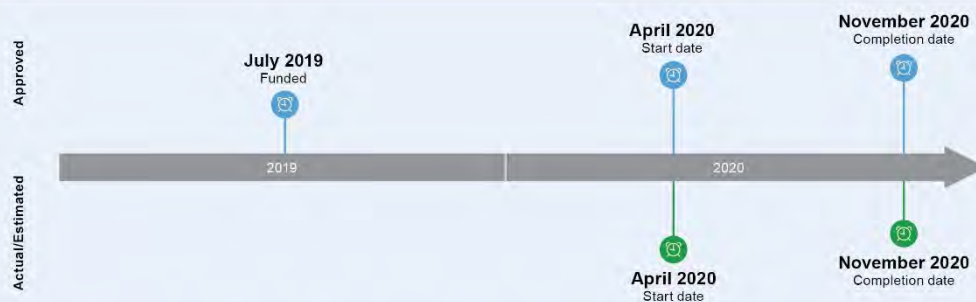


#### Cost



Project funding was increased by \$3 million in November 2019. State Funding of \$0.5 million was originally approved for the project in July 2019. This was increased to \$3 million following a condition and structural assessment which changed the scope of the project from minor works to major works and enhancement. The \$2.5 million shortfall was made up by reallocating \$1.65 million from the Main Jetty and \$0.85 million from the South Thomson Bay Development projects. The estimated cost of the project was further increased by \$0.5 million to allow for contingencies to be funded by RIA, bringing the total capital cost of the project to \$3.5 million. At 30 June 2020 there were no spending over runs, with actual project expenditure in line with estimated expenditure.

#### Time



The design and construct contract was awarded on 9 April 2020. The project is on track for completion by November 2020.

### Project summary

The Fuel Jetty in Thomson Bay on Rottnest Island is a critical piece of infrastructure for small recreational and commercial vessels on the island. The facility is owned and operated by the RIA. Since the facility is approaching the end of design life the RIA plans to demolish the existing jetty and re-build a similar facility with upgrades.

### Project status

At 30 June 2020, the design and construct works were underway. At the time of reporting the detail design is completed and construction is underway to be completed by November 2020.

### Response from Rottnest Island Authority

We confirm the cost and time information and associated commentary presented in the above Project Summary Sheet is an accurate reflection of the status of the project as at 31 August 2020.

We agree with the OAG's assessment of the project status.

## Project 14

### Main Jetty Rottnest Island

**Entity** Department of Biodiversity, Conservation and Attractions – Rottnest Island Authority (RIA)

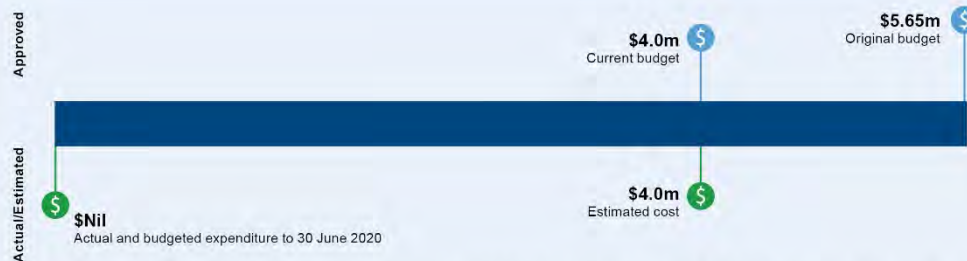
**Phase** Planning

#### OAG's assessment

A business case with detailed cost and time estimates is yet to be prepared and approved despite funding for the project being approved in July 2019. Detailed studies have been undertaken to better inform business case development. Project timeframes and costs are uncertain until planning is further progressed.



#### Cost



Project funding was reduced by \$1.65 million in November 2019. Funding of \$5.65 million was approved for the project in July 2019. This was reduced to \$4 million to reallocate \$1.65 million to the RIA's Fuel Jetty project.

At 30 June 2020 all costs incurred (\$0.1 million) have been expensed and funded by RIA. Costs will be capitalised once a business case has been approved.

#### Time



There is no approved start or completion dates for construction activities. The RIA commenced site investigation and structural assessment in February 2020 with completion targeted by June 2023.

### Project summary

The RIA intends to refurbish the protective coatings and replace the sacrificial anodes on the piles and repair the suspended concrete deck as required.

Also, the provision of wave protection for berth 4 to allow year round operation of the ferry along it.

### Project status

Site investigations and structural assessment have been carried out since February 2020. As a result, in June 2020 the RIA commissioned an *Assessment and Options Study* with cost estimates to inform the scope of works and thereby the business case.

### Response from Rottnest Island Authority

We confirm the cost and time information and associated commentary presented in the above Project Summary Sheet is an accurate reflection of the status of the project as at 31 August 2020.

We agree with the OAG's assessment of the project status.

## Project 15

### South Thomson Bay Development Rottnest Island

**Entity** Department of Biodiversity, Conservation and Attractions – Rottnest Island Authority (RIA)

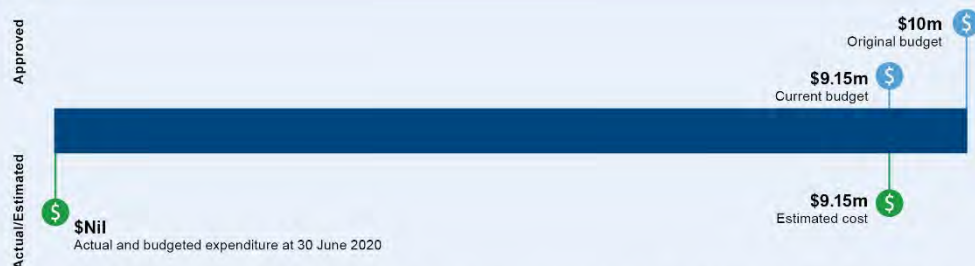
**Phase** Planning

#### OAG's assessment

A business case with detailed cost and time estimates is yet to be prepared and approved despite funding for the project being approved in July 2019. Detailed studies have been undertaken to better inform business case development. Project timeframes and costs are uncertain until planning is further progressed.



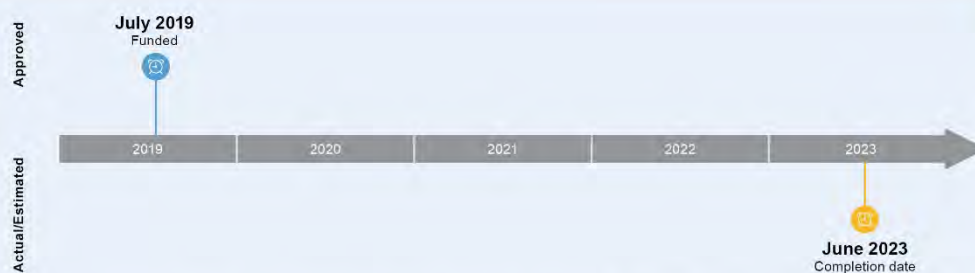
#### Cost



Project funding was reduced by \$0.85 million in November 2019. Funding of \$10 million was originally approved for the project in July 2019. This was reduced to \$9.15 million to reallocate \$0.85 million to the RIA's Fuel Jetty project.

At 30 June 2020 all costs incurred (\$0.2 million) have been expensed and funded by the RIA. Costs will be capitalised once a Business Case has been approved.

#### Time



There is no approved start or completion dates for construction activities. The RIA commenced site investigation in July 2019 and commissioned concept design in October 2019 with completion targeted by June 2023.

### **Project summary**

The RIA intends to develop barge landing facilities and contingency ferry berth facility at the existing Army Groyne at South Thomson Bay. The proposed facilities will allow the relocation of the barging services from the Main Jetty thus avoiding the traffic of heavy vehicles from/to the Main Jetty.

The proposed facilities will also allow the deployment of larger barges.

### **Project status**

Site investigations, environmental assessment, engineered concept design were completed in April 2020. Following on the preliminary cost estimates exceeding the allocated budget in June 2020, the RIA commissioned a value engineering exercise based on a staged development to inform the scope of works and thereby the business case.

### **Response from Rottnest Island Authority**

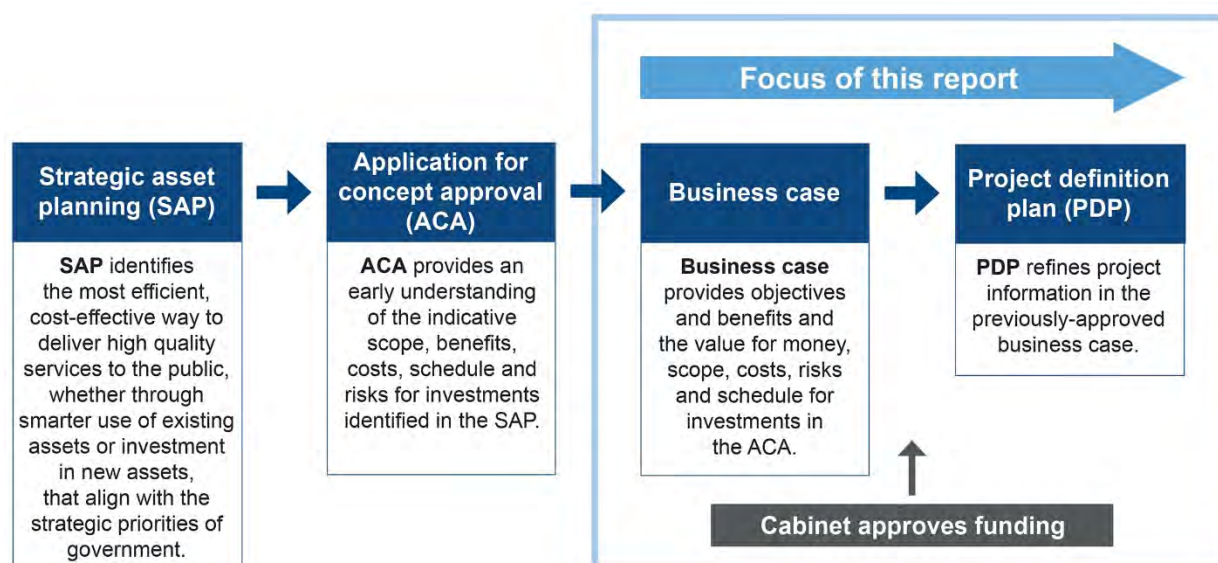
We confirm the cost and time information and associated commentary presented in the above Project Summary Sheet is an accurate reflection of the status of the project as at 31 August 2020.

We agree with the OAG's assessment of the project status.

## Appendix 1: Major project approval and delivery

All Western Australian public sector entities that seek funding for major projects are required to implement the Department of Treasury's Strategic Asset Management Framework (SAMF). The SAMF provides policies and guidelines to improve asset investment planning, advice, and decision-making across the State public sector. Government trading enterprises are not explicitly required to follow the SAMF, but they must ensure their asset planning standards and processes are consistent with the SAMF principles.

The planning phases of the SAMF include a number of iterative approval stages. Each stage builds on the last to minimise the risks and uncertainty around project scope, cost and time.



**Figure 1: Planning phases of the SAMF**

Major projects typically first appear in the State Budget Papers under an entity's asset investment program. This represents an initial commitment by Government to fund these projects and is updated each year as part of the Budget process. In support of the program, entities submit applications for concept approval for high priority assets, business cases, and project definition plans to Cabinet for initial project funding approval. Entities are also required to seek Cabinet approval for any significant changes to project scope, timing and budgets. Changes to project budgets are published in either the Government Mid-year Financial Projections Statement, released by 31 December each year, or the State Budget Papers depending on when they occur in the annual budget cycle.

The Expenditure Review Committee (ERC), a sub-committee of Cabinet, recommends a course of action to Cabinet on all major project submissions with financial implications for Government. The Department of Treasury assesses these submissions against the requirements of the SAMF and advises the ERC on the financial implications. However, Government can announce major projects and commit Budget funding ahead of a business case and detailed planning.

Projects that receive a Commonwealth Government funding contribution of more than \$100 million are required to be submitted to Infrastructure Australia for evaluation. Infrastructure Australia makes recommendations to relevant Commonwealth entities for project funding approval. Steering committees for these projects have State and Commonwealth representatives with monitoring and reporting also occurring at the Commonwealth level.

Many State government entities do not have the legislative authority to undertake the procurement and manage the construction required to deliver major projects. These entities usually engage the Department of Finance (Finance) to manage projects for them. Finance has the necessary powers delegated to them by the Minister for Works, currently the Minister for Finance, under the *Public Works Act 1902*.

Ideally entities who lack the authority to undertake major construction are encouraged to involve Finance in developing project business cases prior to seeking Cabinet funding approval. However, once funding is approved Finance becomes the project manager through to completion of the project. This includes working with client entities throughout the project life cycle to develop project definition plans, and design and tender documentation, and provide ongoing reporting and oversight.

Entities that have legislative authority to undertake major projects, for example Main Roads and statutory authorities such as the Rottnest Island Authority, usually take on responsibility for delivery of their own projects. However, these entities may seek advice from Finance as required or may choose to engage Finance as contract managers. Entities that have legislative authority can also act as project managers for other entities that do not have the authority to undertake their own major projects.

## Auditor General's 2020-21 reports

Number	Title	Date tabled
5	Transparency Report: Current Status of WA Health's COVID-19 Response Preparedness	24 September 2020
4	Managing the Impact of Plant and Animal Pests: Follow-up	31 August 2020
3	Waste Management – Service Delivery	20 August 2020
2	Opinion on Ministerial Notification – Agriculture Digital Connectivity Report	30 July 2020
1	Working with Children Checks – Managing Compliance	15 July 2020

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