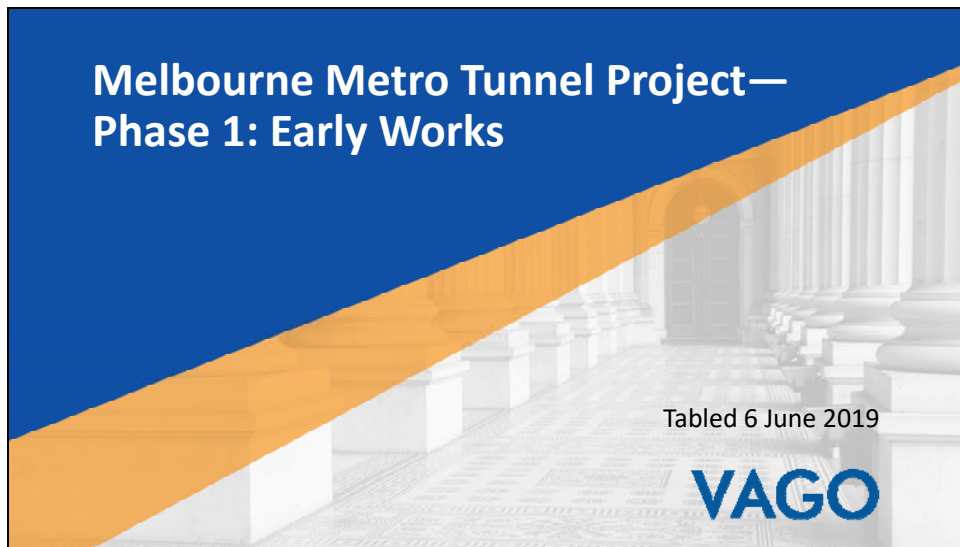



Slide 1



This presentation provides an overview of the Victorian Auditor-General's report Melbourne Metro Tunnel Project: Phase 1—Early works.

Overview



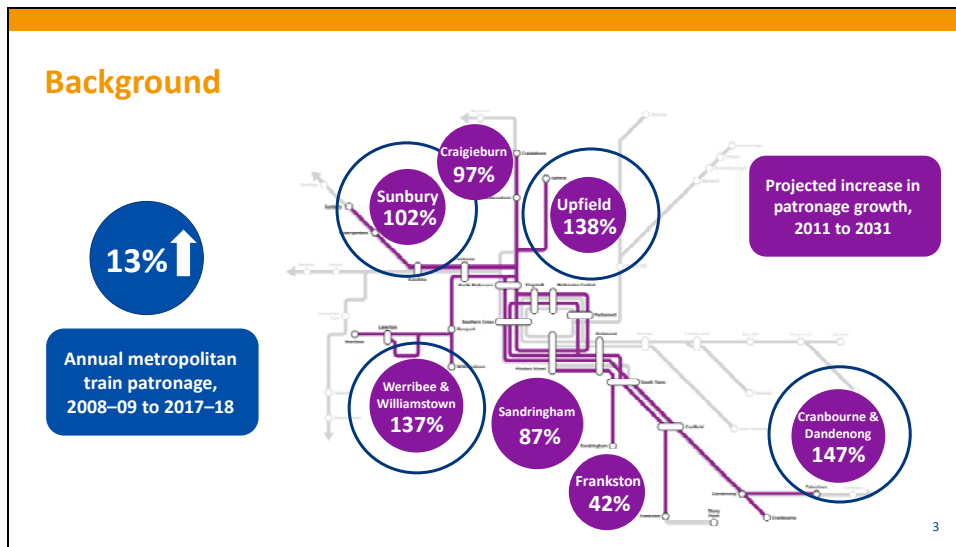
The Melbourne Metro Tunnel aims to:

- Increase capacity in the metropolitan train system
- Deliver twin 9km tunnels and five underground stations
- Be completed in 2025

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The Melbourne Metro Tunnel aims to increase capacity in the metropolitan train system and deliver twin 9 kilometer tunnels through Melbourne’s central business district and five underground stations.


The project should be completed in 2025.



Patronage on Melbourne’s metropolitan rail system has been increasing quickly and this growth is expected to continue.

Future growth is forecast to be highest on the Cranbourne and Dandenong, Upfield, Werribee and Williamstown, and Sunbury lines.

Focus of this audit




Focus

Have the Melbourne Metro Tunnel planning processes and early works adequately prepared the project for the main tunnel and stations works?

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We examined whether the Melbourne Metro Tunnel planning processes and early works adequately prepared the project for the main tunnel and stations works.

Who we looked at



Agencies

- Department of Environment, Land, Water and Planning (DELWP)
- Department of Premier and Cabinet (DPC)
- Department of Transport (DoT)
- Department of Treasury and Finance (DTF)
- Public Transport Victoria (PTV) and
- VicTrack
- Yarra Trams (associated entity)


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We audited six public sector agencies and one private sector associated entity. The agencies were:

- the Department of Environment, Land, Water and Planning (DELWP)
- the Department of Premier and Cabinet (DPC)
- the Department of Transport (DoT)
- the Department of Treasury and Finance (DTF)
- Public Transport Victoria (PTV), and
- VicTrack.

The private sector associated entity was Yarra Trams, which is contracted to run Melbourne's tram network.

What we found



Planning and early works adequately prepared the project for its next phase but:


- at greater cost
- in a longer time

than originally approved and expected

6

We found that the planning processes and early works have adequately prepared the Melbourne Metro Tunnel Project for its next phase, although at a greater cost and a longer time frame than originally approved and anticipated.

Responding to wider rail network changes



- Incomplete asset options assessment
- Tunnel was the only detailed option
- Patronage demand needs updating
- DoT need to review assumptions and expected benefits given new rail projects e.g. Suburban Rail Loop, Melbourne Airport Link

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DoT's business case did not meaningfully consider any other asset options other than a tunnel to address Melbourne's rail capacity challenges.

We found that DoT should have better supported government decision making by presenting comparative analysis of alternative options, such as heavy investment in the existing overland rail corridor.

Since the Metro Tunnel was planned, many new, connected rail projects such as the Airport Rail Link and Suburban Rail Loop have been announced.

DoT and other transport agencies now need to review the impact of these projects on the assumed outcomes and benefits of the metro tunnel and advise government of subsequent changes.

Forecasting and planning to meet demand



- Accuracy of models uncertain
- Low sensitivity to input changes
- Unclear rationale for some model assumptions
- Assumptions used for forecasting models not well documented


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We found the accuracy of some elements of the models used to forecast passenger demand to be uncertain, due to their low sensitivity to change.

This means that the models may not be able to accurately predict the future rate of patronage growth.

We also found it was difficult to understand the rationale for some of the assumptions used for the forecasting models, because these decisions were not well documented.

Managing environmental risks



Diligent and effective identification and management of key project environmental risks

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DELWP's identification and management of key environmental risks was diligent and effective.



The early construction works have experienced scope increases, some time delays and, overall, have cost more than expected.

The increased costs mean there is a significant reduction in contingency funds for the rest of the project which presents a risk.

We found good management by the audited agencies to ensure the quality of works and environmental management.

Recommendations

6 recommendations for DoT	3 recommendations for DPC, DTF & DoT
Relate to: <ul style="list-style-type: none">• improving the use and construction of forecasting models• explicitly determining triggers for a future roll out of longer trains in the tunnel• publishing summaries of independent environmental auditor reports.	<ul style="list-style-type: none">• Review sufficiency of contingency funds• Review and revise assumptions and publish an updated benefits management plan• Review and share lessons learnt on technical interface risks across the public sector
1 recommendation for DELWP	1 recommendation for DPC & DTF
<ul style="list-style-type: none">• Require agencies to publish environmental auditor reports for their projects	<ul style="list-style-type: none">• Ensure all sensible and realistic options are assessed in a project's business case

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We made 11 recommendations.

Six were for DoT and relate to improving the use and construction of forecasting models, explicitly determining triggers for a future roll out of longer trains in the tunnel, and publishing summaries of independent environmental auditor reports.

We made three recommendations jointly for DPC, DTF and DoT. These relate to assessing the sufficiency of remaining contingency funds, updating the project's benefits management plan, and sharing lessons learned from the project.

We made one recommendation jointly for DPC and DTF to make sure agencies assess all viable and sensible options during business case development.

The final recommendation is that DELWP should require projects that need to undergo an Environment Effects Statement process to publish independent environmental auditor reports.

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

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