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(No. 6)



**PARLIAMENTARY STANDING COMMITTEE OF
PUBLIC ACCOUNTS**

REVIEW OF SELECTED PUBLIC WORKS COMMITTEE REPORTS

REPORT 6, 7, 19, 22, 23, 26, 33, 38, 39, & 40

MEMBERS OF THE COMMITTEE OF THE 48TH PARLIAMENT

LEGISLATIVE COUNCIL

Hon Ivan Dean MLC (Chair)

Hon Ruth Forrest MLC

Hon Michael Gaffney MLC

HOUSE OF ASSEMBLY

Mr Scott Bacon MP

Ms Sarah Courtney MP (Deputy Chair)

Mrs Joan Rylah MP

MEMBERS OF THE COMMITTEE OF THE 49TH PARLIAMENT

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(Deputy Chair)

HOUSE OF ASSEMBLY

Mr Scott Bacon MP

Mr Adam Brooks MP

Mr Rene Hidding MP

TABLE OF CONTENTS

Abbreviations list	iv
Charter of the Committee	v
Recommendation	vi
Findings	vii
1 Introduction and conduct of review	1
2 Review of Projects - Departmental responses	3
Was the project completed within budget?	4
Were there any variations to the project contract?.....	5
Did the project proceed to schedule?	11
Were all Elements of the Proposed Works Completed?	15
Does the completed project satisfy its stated purpose?.....	18
Does the project deliver the benefits it promised?	20
3 Recommendations.....	22

ABBREVIATIONS LIST

Batter	the area directly adjoining the bitumen surface or concrete kerbing and the area from the drainage structure to the adjoining property line.
ED	Emergency Department
GCS	Guaranteed Construction Sum
MHWP	Mary Hutchinson Women’s Prison
NWCCC	North West Cancer Care Centre
NWRCC	North West Regional Cancer Centre
NWRH	North West Regional Hospital
P50/P90 Value	determined by probabilistic analysis, P50/P90 values are established to provide a level of confidence (50% confident / 90% confident) that the estimated cost at these respective levels will not be exceeded at project completion. ¹
PIRP D1	Prisons Infrastructure Redevelopment Program, Stage D1
Probabilistic Analysis	the process by which risk is quantified through an assessment of potential variable outcomes in inputs (both probability of occurrence and consequence) resulting in an outcome that is expressed as a potential range or distribution of values. ²
RPC	Risdon Prison Complex
SMS	Security Management System
TRG	Tactical Response Group

¹https://www.dpti.sa.gov.au/_data/assets/pdf_file/0003/173532/Estimating_Manual.pdf

² Ibid.

CHARTER OF THE COMMITTEE

The Public Accounts Committee (the Committee) is a Joint Standing Committee of the Tasmanian Parliament constituted under the *Public Accounts Committee Act 1970*.

The Committee comprises six Members of Parliament, three Members drawn from the Legislative Council and three Members from the House of Assembly.

Under section 6 of the *Public Accounts Committee Act 1970* the Committee:

- must inquire into, consider and report to the Parliament on any matter referred to the Committee by either House relating to the management, administration or use of public sector finances; or the accounts of any public authority or other organisation controlled by the State or in which the State has an interest; and
- may inquire into, consider and report to the Parliament on any matter arising in connection with public sector finances that the Committee considers appropriate; and any matter referred to the Committee by the Auditor-General.

RECOMMENDATION

Based upon its findings from the follow-up review the Committee recommends:

1. The Auditor-General be requested to consider conducting a compliance audit of Public Works contract variations.

FINDINGS

1. Thirteen of the fourteen projects under review were completed within their approved budget, as presented to the Public Works Committee for approval.
2. The West Tamar Highway near Bradys Lookout project exceeded its approved budget by \$383,761.
3. Five of the fourteen projects under review reported variations to the project contract during the life of the project.
4. The West Tamar Highway near Bradys Lookout project reported that the variation represented an effective total construction cost variation of \$383,761 or 6 percent of the contract sum. (The Committee noted the explanation provided).
5. The Tarkine Drive project variations amounted to \$323,000 or 1.4 percent of the contract value. The overall project remained within budget.
6. The North West Cancer Care Centre/Department of Emergency Medicine project variations during normal project construction amounted to \$1.8 million or 8 percent of construction value. The overall project remained within budget.
7. The variations to the Prisons Infrastructure Redevelopment Program, Stage D1 project were managed within the context of the budget and did not see available funds exceeded.
8. The variation to the Prisons Infrastructure Redevelopment Program, Stage D1 resulted in the project not being fully delivered.
9. The variation to the Prisons Infrastructure Redevelopment Program, Stage D1 project was due to serious stability and obsolescence issues associated with the RPC Security Management System.
10. The Three Capes Track project variations were managed within the approved budget.

11. There were delays in twelve of fourteen the projects under review (The Committee notes the explanations provided for the delays).
12. Two out of fourteen projects, the Prisons Infrastructure Redevelopment Program, Stage D1 and the Three Capes projects, did not deliver all elements of the proposed works as approved by the Public Works Committee (The Committee notes the explanation provided in each instance).
13. One of the fourteen projects, the Prisons Infrastructure Redevelopment Program, Stage D1 project, did not deliver all elements of the proposed works as approved by the Public Works Committee (Sufficient funds were not made available).
14. Funding constraints of the Prisons Infrastructure Redevelopment Program, Stage D1 brought about a redesign of the project.
15. The redesign of the project failed to satisfy objective 2 *“to construct maximum-security accommodation for prisoners that reflects the recommendations of the Palmer Report and the functional needs of RPC”*.
16. One of the fourteen projects, the Prisons Infrastructure Redevelopment Program, Stage D1 project, did not deliver all the benefits it promised (Sufficient funds were not made available).

1 INTRODUCTION AND CONDUCT OF REVIEW

1.1 The Public Accounts Committee resolved on 19 August 2015, of its own motion, to examine selected Reports of the Public Works Committee.

1.2 The function of the Public Works Committee is prescribed by section 15 of the *Public Works Committee Act 1914*. It considers and reports on public works to be undertaken with an estimated cost which exceeds \$5.0 million.

1.3 The 2012 Reports for the purpose of the review included:

- No. 6 West Tamar Highway near Bradys Lookout;
- No. 7 Mathinna/Evercreech Bridge Replacements;
- No. 19 North West Cancer Care Centre;
- No. 22 Midland Highway, Symmons Plains and Bass Highway, North of Gannons Hill;
- No. 23 North East Freight Roads;
- No. 26 Murchison Highway Upgrade;
- No. 33 Prisons Infrastructure Redevelopment Program, Stage D1;
- No. 38 Tarkine Forest Drive;
- No. 39 Rokeby Main Road; and
- No. 40 Three Capes Track.

1.4 The Committee's terms of reference were to follow-up on the outcome of the Public Works approved projects with particular reference to the adherence to authorised budgets, project timeframes and agreed deliverables of the public works projects.

1.5 On 5 February 2016 questionnaires were distributed to the relevant entities and the final questionnaire response was received on 22 March 2016.

1.6 The purpose of the questionnaire was to gather data with regard to six criteria as follows:

- Was the project completed within budget;
- Were there any variations to the project contract;
- Did the project proceed to schedule;

- Were all elements of the proposed works completed in accordance with the submission to the Public Works Committee;
- Does the completed project satisfy its stated purpose; and
- Does the project deliver the benefits it promised?

1.7 The business of this Inquiry was postponed in March 2016 due to the commencement of the Committee's Inquiry into Energy Entities, which reported to Parliament on 15 August 2017.

1.8 Parliament was prorogued on 28 January 2018 before the Committee had progressed to reporting on its review of Public Works Committee Reports.

1.9 The Public Accounts Committee of the 49th Parliament resolved on 20 June 2018 to finalise the review.

2 REVIEW OF PROJECTS – DEPARTMENTAL RESPONSES

Table 1 Summary of Departmental responses to review criteria

	Was the project completed within budget?	Were there any variations to the project contract?	Did the project proceed to schedule?	Were all elements of the proposed works completed?	Does the completed project satisfy its stated purpose?	Does the project deliver the benefits it promised?
West Tamar Highway near Bradys Lookout	x	✓	✓/x	✓	✓	●
Mathinna/Evercreech Bridge Replacements	✓	x	x	✓	✓	✓
Bass Highway North of Gannons Hill Road	✓	x	x	✓	✓	✓
Midland Highway South of Symmons Plains Raceway to "Elsdon"	✓	x	x	✓	✓	✓
<u>Murchison Highway upgrades:</u>						
Cradle Mountain Link Road to Anthony Main Road	✓	x	x	✓	✓	✓
Roseberry to Sterling River (Mt Black)	✓	x	✓/x	✓	✓	✓
<u>North East Freight Roads:</u>						
Bridport Main Road Upgrade	✓	x	x	✓	✓	✓
Tasman Highway and Gladstone Main Road upgrades from Derby through Herrick	✓	x	x/✓	✓	✓	✓
Prossers Road Intersection Upgrades	✓	x	x	✓	✓	✓
Rokeby Main Road	✓	x	x/✓	✓	✓	✓
Tarkine Forest Drive	✓	✓	x	✓	✓	✓
North West Cancer Care Centre/Department of Emergency Medicine	✓	✓	x	✓	✓	✓
Prisons Infrastructure Redevelopment Program, Stage D1	✓	✓	✓	x	✓/x	✓/x
Three Capes Track	✓	✓	x	x	✓	✓

✓	Yes
x	No
●	Not applicable

WAS THE PROJECT COMPLETED WITHIN BUDGET?

2.1 The following public works projects were completed within budget:

- Mathinna/Evercreech Bridge Replacements;
- Bass Highway North of Gannons Hill Road;
- Midland Highway South of Symmons Plains Raceway to "Elsdon";
- Murchison Highway upgrades - Cradle Mountain Link Road to Anthony Main Road;
- Murchison Highway upgrades - Roseberry to Sterling River (Mt Black);
- North East Freight Roads - Bridport Main Road Upgrade;
- North East Freight Roads - Tasman Highway and Gladstone Main Road upgrades from Derby through Herrick;
- North East Freight Roads - Prossers Road Intersection Upgrades;
- Rokeby Main Road;
- Tarkine Forest Drive;
- North West Cancer Care Centre Stages 1 and 2/Department of Emergency Medicine);
- Prisons Infrastructure Redevelopment Program, Stage D1; and
- Three Capes Track.

2.2 The West Tamar Highway near Bradys Lookout project was completed with an effective total variations to construction cost of \$383,761. The details of the variations to the project will be discussed in the next chapter.

FINDINGS

1. Thirteen of the fourteen projects under review were completed within their approved budget, as presented to the Public Works Committee for approval.
2. The West Tamar Highway near Bradys Lookout project exceeded its approved budget by \$383,761.

WERE THERE ANY VARIATIONS TO THE PROJECT CONTRACT?

2.3 Variations were made to the project contract on the following projects:

- West Tamar Highway near Bradys Lookout;
- Tarkine Forest Drive;
- North West Cancer Care Centre/Department of Emergency Medicine;
- Prisons Infrastructure Redevelopment Program, Stage D1; and
- Three Capes Track.

West Tamar Highway near Bradys Lookout

2.4 The following contract variations were made to the West Tamar Highway near Bradys Lookout project.

- a. Landslip was identified as a risk at the time of tender award due to:-
 - Complex ground conditions;
 - Cut/fill stability; and
 - Land instability.
- b. The contingency sum identified for this risk was \$257,150. The actual cost of the additional work undertaken due to the risk of landslip was \$105,557.
- c. The 14mm Prime and Seal and Final Seal (\$286,006) was brought forward. The increase in the construction contract cost was balanced out in the total project cost as there was a similar reduction in the value of final seal that was not required.
- d. Other key items of the contract variation included:
 - Removal of trees outside of batter (\$40,454);
 - Select concrete infill behind kerb and channel (\$41,495);
 - Flood damage repairs (\$15,331);
 - Geofabric through landslip zone (\$15,352);
 - Steel post and containment fence (\$11,468); and
 - Supply and installation reflective pavement markers (\$17,915).

Tarkine Forest Drive

- 2.5 The project had 92 contract variations (including reconciliation of scheduled quantities) approved over the two year project.
- 2.6 The contract variations totalled approximately \$323,000, or less than 2 percent of the contract value.
- 2.7 The Department of State Growth commented:

There were many variations under the contract because a 93 kilometre long project could not be scoped in detail with the available budget. Instead, contingencies were provided for and a project specific, Early Contractor Involvement contract was developed that provided for the resolution of construction uncertainties in an efficient, fair and cost-effective manner. 1.4 percent variations on such a large, complex and unusual contract is exceptional performance.³

North West Cancer Care Centre/Department of Emergency Medicine

- 2.8 Overall project variations were approximately \$3.8 million⁴
- 2.9 The Department of Health and Human Services commented:

Whilst the figure is high in respect of a normal percentage value of project value, highly competitive tenders enabled the project to expand its original scope to resolve a number of site infrastructure issues which had a direct correlation and benefit within the main project that included:

- *Replacement of nurse call system throughout hospital*
- *Replacement of fire detection system throughout hospital*
- *Provision of additional generator capacity for essential electricity backup purposes for the NWRH site.*

The above scope changes totalled approximately \$2 million and were negotiated prior to formal contract signing to obtain most competitive pricing.

³ Department of State Growth Tarkine Forest Drive Questionnaire p. 3

⁴ This had not been finalised at the time of the Department's response

The value of variations that therefore has occurred during normal project construction was in the region of \$1.8m, which is 8% of construction value and within normal project allowances.⁵

Prisons Infrastructure Redevelopment Program, Stage D1

2.10 The project had 226 contract variations approved during its course.

2.11 The Department of Justice commented:

Other than two, all of these variations were relatively minor in the context of this project. The first of the major changes to the contract was to change from constructing a 30-bed maximum security unit, as originally planned. This occurred in response to two critical issues that arose between December 2012 and early 2013, namely:

1. An unexpected shortage of PIRP D1 funds occurred due to the construction pricing offer (the GCS Offer) submitted by the Managing Contractor (Hansen Yuncken) being in excess of previous project budget estimates provided by the [then] project quantity surveyor (Exsto Management).

The variance between the quantity surveyor's final estimate, known as the Target Construction Sum, saw an estimated project funding shortfall in the order of \$4 million; and

2. The second issued related to serious stability and obsolescence issues associated with the RPC Security Management System (SMS), which were discovered by the PIRP D1 electronic security consultant (ctg Security Matrix) while undertaking investigations within the facility on behalf of the project. These issues represented a potentially imminent failure of the electronic security systems within RPC.

After comprehensive examination of these two issues and careful consideration of the various alternatives, the Department made the decision to remove the 30-bed

⁵ Department of Health and Human Services Questionnaire p. 3

maximum security unit from the project scope of works. This decision was made in the context of no additional project funding being available.

The decision resulted in making sufficient funds available to:

- 1. Address the short-medium term SMS stability and obsolescence issues within the broader RPC facility [replacing the facility's radio and duress system, upgrade the Honeywell core servers and digital video management systems and upgrade the Jacques Intercom Server, and door access control systems], as well as meet the electronic security requirements of the new PIRP D1 buildings by (sic) ; and*
- 2. Allow the construction of a 10-bed maximum security accommodation unit.*

It was also planned at that point in time to replace for an update of the Electronic Recording system, but the scope of this work was subject to the availability of funds after the other SMS works and the 10-bed accommodation unit were completed.⁶

Three Capes Track

2.12 The Department of Primary Industries, Parks, Water and Environment responded:

There were project variations to the contract, which arose to address issues encountered as the project progressed.

The project delivered 46 kilometres of dry-boot track (of which 35 kilometres of track was constructed), wide enough to enable two people to walk side by side and three overnight sites as required by the project scope. The overnight sites consist of a total of 19 buildings across the three sites. These facilities are built to an environmentally sensitive and high standard including elevated walkways and outdoor spaces linking the buildings which comprise of the communal hub, sleeping quarters and toilets.

The main variations to the contract arose to address latent conditions and to enable design improvements during construction. Latent conditions included

⁶ Department of Justice Questionnaire p. 6

topographic variations uncovered during construction resulting in track reroutes and changes to work types.

Other important variations included improved cabin designs with continuing review and building contractor input during construction and the construction of jetties or floating pontoons was removed from the original plan as the water transport used by the provider of the boat experience enable beach landings.⁷

FINDINGS

3. Five of the fourteen projects under review reported variations to the project contract during the life of the project.
4. The West Tamar Highway near Bradys Lookout project reported that the variation represented an effective total construction cost variation of \$383,761 or 6 percent of the contract sum. (The Committee noted the explanation provided).
5. The Tarkine Drive project variations amounted to \$323,000 or 1.4 percent of the contract value. The overall project remained within budget.
6. The North West Cancer Care Centre/Department of Emergency Medicine project variations during normal project construction amounted to \$1.8 million or 8 percent of construction value. The overall project remained within budget.
7. The variations to the Prisons Infrastructure Redevelopment Program, Stage D1 project were managed within the context of the budget and did not see available funds exceeded.
8. The variation to the Prisons Infrastructure Redevelopment Program, Stage D1 resulted in the project not being fully delivered.

⁷ Department of Primary Industries, Parks, Water and Environment Questionnaire p. 3

9. The variation to the Prisons Infrastructure Redevelopment Program, Stage D1 project was due to serious stability and obsolescence issues associated with the RPC Security Management System.
10. The Three Capes Track project variations were managed within the approved budget.

DID THE PROJECT PROCEED TO SCHEDULE?

Table 2 Summary of Project performance against contract schedule

	Commencement Date		On schedule?	Completion Date		On schedule?
	Contract	Actual		Contract	Actual	
West Tamar Highway near Bradys	2011/12	September 2012	✓	April 2013	March 2014	✘
Mathinna/Evercreech Bridge Replacements	October 2012 Mathinna Not specified Evercreech	29 January 2013	✘	December 2013 Mathinna March 2014 Evercreech	3 July 2014	✘
Bass Highway North of Gannons Hill	November 2012	December 2012	✘	Spring 2013	December 2013	✘
Midland Highway South of Symmons Plains Raceway to "Elsdon"	November 2012	February 2013	✘	Spring 2013	March 2014	✘
Murchison Highway upgrades:						
Cradle Mountain Link Road to Anthony Main Road	September 2013	July 2013	Early	May 2015	July 2015	✘
Roseberry to Sterling River (Mt Black)	February 2013	February 2013	✓	March 2014	July 2014	✘
North East Freight Roads:						
Bridport Main Road Upgrade	Southern section May 2013 Northern section October 2013	Both sections September 2013	✘	Southern section May 2014 Northern section May 2014 Final seal both sections March 2015	January 2015 Final seal both sections March 2016	✘
Tasman Highway and Gladstone Main Road upgrades from Derby through Herrick	June 2014	May 2013	Early	Final seal & linemarking May 2015	Final seal & linemarking May 2015	✓
Prossers Road Intersection Upgrades	January 2013	April 2013	✘	June 2013 Final seal April 2014	January 2014 Final seal March 2015	✘
Rokeby Main Road	March 2013	October 2013	✘	March 2015	March 2015	✓
Tarkine Forest Drive	March 2013	September 2013	✘	April 2014	April 2015	✘
North West Cancer Care Centre/Department of Emergency Medicine	October 2012	29 April 2013	✘	December 2013	16 December 2015	✘
Prisons Infrastructure Redevelopment Program, Stage D1	21 January 2013	21 February 2013	✓	30 June 2014	Early 2015	✘
Three Capes Track	January 2013	October 2015	✘	January 2013	December 2015	✘

✓	Yes
✘	No
●	Not applicable

2.13 The following projects were completed in accordance with the construction contract completion date:

- North East Freight Roads - Tasman Highway and Gladstone Main Road upgrades from Derby through Herrick; and
- Rokeby Main Road.

2.14 All remaining projects were completed later than the contract completion date. The relevant Departments provided the following comments:

Mathinna/Evercreech Bridge Replacements

The contract award was delayed as the work had to be retendered due to difficulties in accepting one of the original tenderers.

The Evercreech bridges were included with the Mathinna bridges as one project.⁸

Midland Highway South of Symmons Plains Raceway to "Elsdon"

Delays in awarding the contract were due to delays in getting Aurora to commit to the completion of the relocation of powerlines prior to the expected date for possession of site. This was due to bushfires on the Tasman Peninsular receiving priority to reinstate damaged powerlines.⁹

North East Freight Roads - Bridport Main Road Upgrade and Prossers Road Intersection Upgrades

There was some delay in starting works, mainly due to the short development phase time available for the projects.

The Bridport designs needed additional time to complete before the work could be tendered and both northern and southern sections were included in the one contract.¹⁰

Tarkine Forest Drive

An Early Contractor Involvement contract was awarded early in February 2013 with construction commencing as soon as possible, after winter, in September 2013. Construction of roadworks continued until February 2015, with signage and other tourist facilities continuing until early July 2015.¹¹

⁸ Department of State Growth Mathinna/Evercreech Bridge Replacements Questionnaire, p. 4

⁹ Department of State Growth Midland Highway Questionnaire, p. 4

¹⁰ Department of State Growth North East Freight Roads Questionnaire, p. 4

¹¹ Department of State Growth Tarkine Forest Drive Questionnaire, p. 4

North West Cancer Care Centre Stages 1 and 2/Department of Emergency Medicine)

The provision of the additional Commonwealth funding created a delay in going to tender with additional workload and design development process to document the Stage 2 Radiotherapy requirements and ensure they were incorporated for competitive pricing purposes. The significant increase in scope also delayed the physical construction completion on site.

The Department did manage to undertake an early works package for the MRI through construction of base building works for that, are as an early works package, from 28/1/13 to 25/4/13 to assist in mitigating the original delays.

A comprehensive staging and decanting process impacted on the overall project schedule. The construction of the North West Regional Cancer Centre (NWRCC) formed part of the redevelopment of the North West Regional Hospital (NWRH). This redevelopment also included renovation and expansion of the Emergency Department (ED).

This construction resulted in a temporary ED, along with temporary pedestrian and ambulance access. This temporary access was provided through the construction area of the NWRCC, which also caused interruptions and delays to the build. The NWRH is required to maintain public and ambulance access to the ED, therefore there was no way to remedy the interruptions that impacted on the construction program.¹²

Prisons Infrastructure Redevelopment Program, Stage D1

The Early Works construction program, comprising exercise yards in Derwent A/B, Mersey and Huon, the Vehicle Lock and site fencing, was scheduled to run from January to March 2013. However, construction works did not actually commence until early February due to delays in the approval process.

The built-form construction works was completed in October 2014, with the 10 bed accommodation unit being the last piece of built-form construction works, but the electronic security program of works was not completed until early 2015. The last of the security works was the replacement of the RPC CCTV cameras which, as noted at Criteria 3, was a major variation to the original contract.

All variations to the project schedule were formally approved as part of the project's formal governance mechanism.¹³

¹² Department of Health and Human Services Op cit., p. 4

¹³ Department of Justice Op cit., p. 9

Three Capes Track

The project was completed as planned to meet the Minister's announcement that the track would be opened on 21 December 2015.

Track construction commenced with the first construction contract signed in January 2013. The track was completed and opened on 21 December 2015 with the first walkers commencing on 23 December.

...

Practical completion of the track and overnight hut precincts was delayed slightly with completion of the tracks occurring in November 2015 and the cabins (hut precincts) in December 2015. Importantly, this delay did not affect the planned opening to walkers. The slight delays were unavoidable due to poor weather conditions.¹⁴

FINDINGS

11. There were delays in twelve of fourteen the projects under review (The Committee notes the explanations provided for the delays).

¹⁴ Department of Primary Industries, Parks, Water and Environment Op cit., p. 4

WERE ALL ELEMENTS OF THE PROPOSED WORKS COMPLETED?

2.15 Two of the projects reported that they had not delivered all elements of the proposed works in accordance with the submission to the Public Works Committee:

- Prisons Infrastructure Redevelopment Program, Stage D1; and
- Three Capes Track.

Prisons Infrastructure Redevelopment Program, Stage D1

2.16 The Department of Justice made the following comment:

All elements of the proposed works referred to in the submission to the Public Works Committee were not completed.

... the 30-bed maximum security accommodation unit did not proceed in order to free up funds to address serious stability and obsolescence issues with the Risdon Prison Complex Security Management Systems that were discovered after the submission to the Public Works Committee was completed. This saw the construction of a 10-bed unit and a significant increase in the scope of works related to electronic security management systems.

The following is the final program of contracted works that was delivered by the PIRP D1 project:

- 1. A new Activities and Education Centre for both maximum and medium-security prisoners.*
- 2. A new Trade Training Centre to allow flexible opportunities for employment, vocational training, development and purposeful production as appropriate. It is modelled on the highly successful Trade Training Centres operated by the Department of Education.*
- 3. Modifications to the existing Medium Education Building to provide a new secure drug testing facility and an additional multi-purpose interview room.*

4. *Modifications to the Derwent A and B Maximum Units, as well as the Huon and Mersey Maximum-Security Accommodation Units, that increase existing exercise facilities for inmates and office space for Correctional Supervisors.*

5. *A new 10-bed maximum-security accommodation unit, the 'Apsley' unit, added to the end of the Transition Unit.*

6. *An upgrade of the Gatehouse that allows improved functionality within the existing Master Control Room; the establishment of a new Incident Management Facility; and to facilitate a range of recommendations identified in the Palmer Report into the RPC.*

7. *A New Vehicle Lock that serves as a second, or backup, access/egress point in the event of emergency, but in the short-term has provided access to and from RPC for PIRP D1 construction contractors.*

8. *A new purpose-built Tactical Response Group (TRG) Unit, which has been constructed to free up space in the Gatehouse for the Incident Management Facility.*

9. *Major upgrades to Electronic Security Systems which include replacement of the core Honeywell Servers, installation of an Access Control System, installation of a new radio and duress system for RPC and Mary Hutchinson Women's Prison (MHWP) and a major upgrade of RPC's CCTV cameras.¹⁵*

Three Capes Track

2.17 The Department of Primary Industries, Parks, Water and Environment made the following comment:

Following the initial project announcement further planning works soon identified that completion of Stage 3 (Cape Raoul) and the additional two overnight hut precincts was going to be considerably more expensive. At that point it was decided that Stage 3 would become a separate project to be completed after the initial Stages 1 and 2 were delivered.

¹⁵ Department of Justice Op cit., p. 13

Stages 1 and 2 were completed and opened to walkers in December 2015. These two stages deliver an iconic coastal walking experience over four days and three nights.

Stage 1 involved upgrading the existing Cape Hauy Track and was completed in June 2012.

Stage 2 involved the construction of track from Denmans Cove (opposite Port Arthur) to Cape Hauy via Mt Fortescue, including Cape Pillar; the eastern side of the peninsula.

Stage 2 also included the completion of three overnight hut precincts with each providing accommodation and associated amenities for 48 walkers per day.

Specifically Stages 1 and 2 have delivered:

- *46 km of walking track (35 km of track was constructed) from Denmans Cove to Fortescue Bay (including Cape Hauy Track [4.7 km]);*
- *three overnight hut precincts (nodes) - one each at Surveyors Cove, Munro (Lunchtime) Creek and Retakunna Creek, comprising a total of 19 buildings interconnected by raised walkways and outdoor areas;*
- *public art;*
- *interpretation installations along the track;*
- *an on-line booking system;*
- *gateway facilities in collaboration with the Port Arthur Historic Site;*
- *boat experience in collaboration with Pennicott Wilderness Journeys; and*
- *bus transport in collaboration with Pennicott Wilderness Journeys.*

The jetties/floating pontoons identified in the initial project plans were not required due to the Pennicott boat design that allows a beach landing.¹⁶

FINDINGS

12. Two out of fourteen projects, the Prisons Infrastructure Redevelopment Program, Stage D1 and the Three Capes projects, did not deliver all elements of the proposed works as approved by the Public Works Committee (The Committee notes the explanation provided in each instance).

¹⁶ Department of Primary Industries, Parks, Water and Environment Op cit., p. 5

DOES THE COMPLETED PROJECT SATISFY ITS STATED PURPOSE?

2.18 The majority of the projects upon completion satisfied their stated purpose.

2.19 The Department of Justice reported that the Prisons Infrastructure Redevelopment Program, Stage D1 did not satisfy its stated purpose. The following detail was provided:

The specific project objectives are:

- 1. To construct improved recreation, additional education and multipurpose facilities for prisoners within RPC;*
- 2. To construct maximum-security accommodation for prisoners that reflects the recommendations of the Palmer Report and the functional needs of RPC;*
- 3. To improve security functionality within RPC to create a safer and more productive living environment for prisoners and workplace for staff;*
- 4. To build infrastructure that supports the culture and operating models of the Tasmania Prison Service; and*
- 5. To build people capability and safety in the workplace through staff involvement in project working groups and discussion forums.¹⁷*

2.20 With regard to these specific project objectives the Department responded:

Objectives 1, 3, 4 and 5 were satisfied. There was significant input from Tasmania Prison Service management and operation staff during the Design Development stage of the project, including consultation sessions with staff that were facilitated by the Design Team. This allowed staff to have a direct input to design development.

The design of the electronic security scope of works also had significant staff input in the form of a designated working party that consulted directly with the electronic security engineering consultant.

In relation to objective 2, in 2008, the Department of Justice made a CIP submission to Government to fund Stage D of the PIRP, which included the completion of works at RPC. The works necessary to complete RPC were programmed in two phases. Stage D1 included construction of a new 60 bed maximum-security accommodation block, completion of the education unit, provision of a gymnasium and

¹⁷ Department of Justice Op cit., p. 17

enhancements to existing security. Stage D2 included provision of a kitchen, and additional industries facility and a geriatric unit.

Government subsequently allocated \$20.17 million for construction works at RPC. On the basis of this funding and the other functional requirements of the RPC facility at the time, plans were made to construct a 30-bed maximum security unit as this was all that could be afforded in the context of the available funds.

In the 2011 report of his Inquiry into Risdon Prison Complex, Mr Mick Palmer recommended that Government reconsider its 2008 approval of \$20.7 million for the PIRP Stage D redevelopment of RPC and approve the original estimated capital cost for the total Stage D Part 1 development of \$48.375 million.

A reconsideration of the PIRP D1 funding did not occur and project planning proceeded on the basis of a 30-bed maximum security unit. However, as noted in response to previous criteria, this was subsequently revised to a 10 bed unit for the reasons given.¹⁸

FINDINGS

13. One of the fourteen projects, the Prisons Infrastructure Redevelopment Program, Stage D1 project, did not deliver all elements of the proposed works as approved by the Public Works Committee (Sufficient funds were not made available).
14. Funding constraints of the Prisons Infrastructure Redevelopment Program, Stage D1 brought about a redesign of the project.
15. The redesign of the project failed to satisfy objective 2 “*to construct maximum-security accommodation for prisoners that reflects the recommendations of the Palmer Report and the functional needs of RPC*”.

¹⁸ Ibid

DOES THE PROJECT DELIVER THE BENEFITS IT PROMISED?

2.21 The majority of the projects upon completion deliver the benefits promised.

2.22 The Department of Justice reported that the Prisons Infrastructure Redevelopment Program, Stage D1 project does not deliver the benefits it promised. The following detail was provided:

The PIRP Stage D1 project aims to address the following Strategic Goals taken from Breaking the Cycle: A Strategic Plan for Tasmanian Corrections 2011-20

Goal 1 – To reduce re-offending by providing rehabilitation and reintegration services to address issues which contribute to offending

Goal 2 – To provide infrastructure to meet the goals of the corrections system

Goal 3 – To provide appropriate workforce development, training and support.

While a reduction in re-offending is a longer term measurement, which means that this outcome may not be realised for some time, the PIRP D1 project has provided infrastructure and a new staffing profile that will support the increased and enhanced delivery of rehabilitation and reintegration services to inmates within RPC. To this end, the project has provided a strong foundation from which to build.

In relation to Goal 2, other than the lack of maximum security accommodation (which is now being sought through a separate funding submission), the PIRP D1 project has provided additional infrastructure within RPC to support the goals of the corrections system.

With respect to Goal 3, the PIRP D1 project developed a group of staff in relation to prison infrastructure design development through providing them with opportunities to engage in the process. The new Apsley 10-bed accommodation unit has been commissioned as a therapeutic drug unit, which has included training for staff. Additionally, staff were trained in the operation of the new Security Management Operating System installed as part of PIRP D1. Otherwise, any workforce, training and development has been indirect in nature, and this is really only a sundry and indirect benefit of this project rather than a core outcome.¹⁹

¹⁹ Ibid., p.19

FINDINGS

16. One of the fourteen projects, the Prisons Infrastructure Redevelopment Program, Stage D1 project, did not deliver all the benefits it promised (Sufficient funds were not made available).

3 RECOMMENDATION

3.1 Based upon its findings from the review of selected Public Works Committee Reports, the Committee recommends that:

2. The Auditor-General be requested to consider conducting a compliance audit of Public Works contract variations.



Hon Ivan Dean MLC

Chair

29 August 2018

