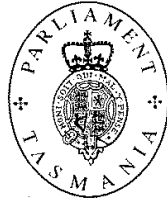


2020

(No. 20)



**PARLIAMENTARY STANDING COMMITTEE OF  
PUBLIC ACCOUNTS**

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**REVIEW OF SELECTED 2013 PUBLIC WORKS COMMITTEE  
REPORTS**

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REPORT 10, 36, & 37

## **MEMBERS OF THE COMMITTEE**

### **LEGISLATIVE COUNCIL**

Hon Ivan Dean MLC (Chair)

Hon Ruth Forrest MLC  
(Deputy Chair)

Hon Josh Willie MLC  
(from 28 May 2019)

Hon Michael Gaffney MLC  
(to 23 May 2019)

### **HOUSE OF ASSEMBLY**

Mr David O'Byrne MP  
(from 24 September 2019)

Mrs Joan Rylah MP  
(from 19 March 2019)

Mr John Tucker MP  
(from 19 March 2019)

Mr Adam Brooks MP  
(to 11 February 2019)

Mr Rene Hidding MP  
(to 25 February 2019)

Mr Scott Bacon MP  
(to 22 August 2019)

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## **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.

## **FINDINGS**

1. Two of the three projects under review were completed within their approved budget, as presented to the Public Works Committee for approval.
2. The construction of the Dunalley Primary School project exceeded its Public Works Committee approved budget by \$399,000.
3. Additional Capital Investment program funding of \$1 million was provided to the project to cover additional costs associated with both the temporary and permanent Dunalley Primary School.
4. All of the projects under review reported variations to the project contract during the life of the project.
5. The Colebrook Main Road, Richmond – Heavy Vehicle Link Road project variations amounted to \$407,531. The overall project remained within budget.
6. The Construction of the permanent Dunalley Primary School project variations amounted to \$552,000. The approved variations were funded through the provision of additional Capital Investment Program funding.
7. The George Town Hub project variations amounted to \$261,000. The overall project remained within budget.
8. There were delays in all of the projects under review (The Committee notes the explanations provided for the delays).
9. All three projects under review delivered all elements of the proposed works as approved by the Public Works Committee.
10. All of the projects under review reported that they satisfied the projects' stated purpose.
11. All of the projects under review upon completion reported that they delivered all the benefits as stated.
12. All of the projects under review reported that local contractors were engaged during the project period.

# 1 INTRODUCTION AND CONDUCT OF REVIEW

- 1.1 The Public Accounts Committee resolved on 19 September 2018, 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 2013 Reports examined for the purpose of the review included:
  - No. 10 Colebrook Main Road, Richmond – Heavy Vehicle Link Road;
  - No. 36 Construction of Dunalley Primary School; and
  - No. 37 George Town Hub.
- 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 16 October 2018 questionnaires were distributed to the relevant entities and the final questionnaire response was received on 25 January 2019.
- 1.6 The purpose of the questionnaire was to gather data with regard to seven criteria as follows:
  - Was the project completed on 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;
  - Does the project deliver the benefits as stated; and
  - To what extent did the project utilise local contractors?

## 2 REVIEW OF PROJECTS – DEPARTMENTAL RESPONSES

Table 1 Summary of Departmental responses to review criteria

	<b>Was the project completed within budget?</b>	<b>Were there any variations to the project contract?</b>	<b>Did the project proceed to schedule?</b>	<b>Were all elements of the proposed works completed?</b>	<b>Does the completed project satisfy its stated purpose?</b>	<b>Does the project deliver the benefits as stated?</b>	<b>Did the project utilise local contractors?</b>
Colebrook Main Road, Richmond - Heavy Vehicle Link Road	✓	✓	✘	✓	✓	✓	✓
Construction of Dunalley Primary School	✘	✓	✘	✓	✓	✓	✓
George Town Hub	✓	✓	✘	✓	✓	✓	✓

✓	Yes
✘	No
●	Not applicable

## WAS THE PROJECT COMPLETED WITHIN BUDGET?

- 2.1 The following public works projects were completed within budget:
  - Colebrook Main Road, Richmond – Heavy Vehicle Link Road; and
  - George Town Hub.
- 2.2 The Construction of Dunalley Primary School project was not completed within budget.
- 2.3 The original project budget for the permanent Dunalley Primary School was \$5.876 million (excluding the establishment of the temporary school).
- 2.4 Actual project expenditure for the construction of Dunalley Primary School project was \$6.275 million.
- 2.5 Additional Capital Investment Program funding of \$1 million was provided in the 2015-16 State Budget to cover additional costs associated with both the temporary and permanent Dunalley Primary School.

## FINDINGS

1. Two of the three projects under review were completed within their approved budget, as presented to the Public Works Committee for approval.
2. The construction of the Dunalley Primary School project exceeded its Public Works Committee approved budget by \$399,000.
3. Additional Capital Investment program funding of \$1 million was provided to the project to cover additional costs associated with both the temporary and permanent Dunalley Primary School.



## WERE THERE ANY VARIATIONS TO THE PROJECT CONTRACT?

2.6 Variations were made to the project contract on all projects under review.

### Colebrook Main Road, Richmond – Heavy Vehicle Link Road

2.7 Total project expenditure was \$5.4 million. Approved variations under the contract amounted to \$407,531. The project was completed within budget.

2.8 The Department of State Growth provided the following summary table which details variations to the project.

<b>Item</b>	<b>Estimated Cost</b>	<b>VEC Civil Contract Value</b>	<b>Variations approved for VEC</b>	<b>Total Construction Cost</b>
Project Specific	\$236,375	\$218,500	\$77,471	\$295,971
Earthworks	\$1,354,990	\$822,813	\$236,683	\$1,059,496
Drainage	\$249,147	\$193,855	\$42,411	\$236,266
Pavement	\$784,430	\$711,271	\$9,350	\$720,621
Bitumen				
Surfacing	\$263,380	\$188,542	\$0	\$188,542
Traffic				
Facilities	\$222,319	\$105,302	\$13,093	\$118,395
Landscaping	\$140,563	\$87,105	\$0	\$87,105
Miscellaneous	\$201,450	\$113,980	\$28,523	\$142,503
Subtotal	<b>\$3,452,654</b>	<b>\$2,441,368</b>	<b>\$407,531</b>	<b>\$2,848,899</b>

### Construction of Dunalley Primary School

2.9 The original contract amount was \$5.071 million. Approved variations under the contract resulted in a final contract amount of \$5.623 million.

2.10 The Department of Education commented:

*The approved variations were due to removal of unknown redundant in ground services and the removal of unsuitable material from the site. The approved variations were funded through the provision of additional Capital Investment Program funding<sup>1</sup>.*

<sup>1</sup> Department of Education Construction of Dunalley Primary School Questionnaire p. 3

## George Town Hub

2.11 The original contract amount was \$3.911 million. Approved variations under the contract resulted in a final contract amount of \$4.172 million.

2.12 The Department of Education commented:

*The approved variations were due to unforeseen site conditions and service connections; revisions to water and communication requirements; and information structure works to align this development with the adjacent Council Community Centre. The approved variations were managed within the project contingency and budget<sup>2</sup>.*

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<sup>2</sup> Department of Education George Town Hub Questionnaire p. 3

## FINDINGS

4. All of the projects under review reported variations to the project contract during the life of the project.
5. The Colebrook Main Road, Richmond – Heavy Vehicle Link Road variations amounted to \$407,531. The overall project remained within budget.
6. The Construction of the permanent Dunalley Primary School project variations amounted to \$552,000. The approved variations were funded through the provision of additional Capital Investment Program funding.
7. The George Town Hub project variations amounted to \$261,000. The overall project remained within budget.

## DID THE PROJECT PROCEED TO SCHEDULE?

2.13 Extensions were granted to all three projects under review.

2.14 The Colebrook Main Road Richmond – Heavy Vehicle Link Road had an extension of 50 days issued to complete the project.

2.15 The Department of State Growth provided the following comment:

### Colebrook Main Road, Richmond – Heavy Vehicle Link Road

*Extension of Time for Inclement Weather: 22 days*

*Extension of Time for Variation to Scope: 28 days<sup>3</sup>.*

2.16 The Construction of Dunalley Primary School project had a total extension of 47.5 days approved during the contract. The George Town Hub project was delayed between December 2014 and April 2015.

2.17 The Department of Education provided the following comment:

### Construction of Dunalley Primary School

*The construction completion date ... of August 2016 included a 12-month Defect liability period. The permanent Dunalley School was practically completed and handed over for occupancy in October 2015. The actual completed date of April 2016 ... included the removal of the temporary school. A total extension of 47.5 days was approved under the contract.<sup>4</sup>*

### George Town Hub

*The delays were managed in accordance with the contract and were due to wet weather, consequential sodden subsoil conditions, additional infrastructure requirements and material supply delays.<sup>5</sup>*

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<sup>3</sup> Department of State Growth Colebrook Main Road, Richmond – Heavy Vehicle Link Road Questionnaire, p. 4

<sup>4</sup> Department of Education Construction of Dunalley Primary School Questionnaire, p. 4

<sup>5</sup> Department of Education George Town Hub Questionnaire, p. 4

## FINDING

8. There were delays in all of the projects under review. The Committee notes the explanations provided for the delays.

## WERE ALL ELEMENTS OF THE PROPOSED WORKS COMPLETED?

2.18 All of the projects under review reported that they had delivered all elements of the proposed works in accordance with the submission to the Public Works Committee.

2.19 The Department of Education made the following comment regarding the Construction of the Dunalley Primary School project:

*All elements of the proposed works were fully delivered. However, it should be noted that it was necessary to close the new Dunalley Primary School in 2016 for a three (3) month period to rectify building defects. All defects have now been fully rectified<sup>6</sup>.*

## FINDINGS

9. All three projects under review delivered all elements of the proposed works as approved by the Public Works Committee.

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<sup>6</sup> Department of Education Construction of Dunalley Primary School Questionnaire, p. 5

## DOES THE COMPLETED PROJECT SATISFY ITS STATED PURPOSE?

2.20 All of the projects under review reported that they had satisfied their stated purpose.

2.21 The Department of State Growth commented:

### Colebrook Main Road, Richmond – Heavy Vehicle Link Road

*Section 1 Introduction of the submission to the Publics Works Committee provided the Stated Purpose of the project.*

*The Stated Purpose: This Link Road is to remove as much heavy vehicle traffic from the Richmond precinct as possible.*

*The completed heavy vehicle link road satisfied the requirements of the Stated Purpose of the project.<sup>7</sup>*

2.22 The Department of Education commented:

### Construction of Dunalley Primary School

*Extract from the Public Works Committee Submission.*

*The Dunalley Primary School will be a spacious, modern, rural primary school. The school will allow learners of all ages to learn by doing, exploring and investigating with the support of modern technology. The proposed school will be flexible in design, will cater for a range of learning styles allowing all learners to flourish. The vision for the new school incorporates current trends and innovation in the design and construction of educational facilities nationally and internationally, as well as the latest information and communications technology (ICT) and infrastructure.*

*This has been delivered by the project.<sup>8</sup>*

### George Town Hub

*The integrated service provision achieved through the George Town Hub Project has been highly successful and continues to provide ongoing benefit to the George Town community.<sup>9</sup>*

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<sup>7</sup> Department of State Growth Op cit., p. 6

<sup>8</sup> Department of Education Construction of Dunalley Primary School Questionnaire, p.6.

<sup>9</sup> Department of Education George Town Hub Questionnaire, p.6

## FINDING

10. All of the projects under review reported that they satisfied the projects stated purpose.



## DOES THE PROJECT DELIVER THE BENEFITS AS STATED?

2.23 All of the projects under review reported that they had delivered the benefits as stated.

2.24 The Department of State Growth commented:

### Colebrook Main Road, Richmond – Heavy Vehicle Link Road

*Section 1.4 of the submission to the Publics Works Committee provided the project benefits to be achieved to satisfy the Stated Purpose of the project.*

*The completed project removed the heavy and oversized vehicles from having to travel through the Richmond township.*

*The completed project provided a reduction in vibration caused by heavy vehicles in the Richmond township.*

*The completed project provided a reduction in turning related issues at the junction of Colebrook Main Road and Bridge Street.*

*The completed project provided for increased safety for pedestrians in the Richmond township by reducing through traffic.*

*The completed project provided for increased pedestrian amenity for locals and tourists in the Richmond township by reducing through traffic.*

*The completed project lessened the issue of heavy vehicles coming in contact with overhead power lines.<sup>10</sup>*

2.25 The Department of Education commented:

### Construction of Dunalley Primary School

*The stated scope of work in the Submission to the Public Works Committee is as follows: Learning areas for primary grades two to six; An early learning centre and associated fenced play area; Capacity to provide before and after school care; Administration areas to accommodate the Principal, School Business Manager, and school support staff. This will allow for work stations and meeting spaces for support services such as parents, school psychologist, literacy support, chaplin and speech therapist; library with possible future community use that will provide a multi-purpose space that is used for drama and large school or community events; a welcoming staff room; and landscaping, playground and external works that*

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<sup>10</sup> Department of State Growth Op cit., p. 7

*provide a range of learning opportunities via creative, nature based play. All of the stated scope was delivered. The new Dunalley Primary school has now operated successfully for over two years and continues to provide ongoing benefit to the Dunalley Community.<sup>11</sup>*

#### George Town Hub

*The integrated service provision achieved through the George Town Hub Project has been highly successful and continues to provide ongoing benefit to the George Town community.<sup>12</sup>*

## FINDINGS

11. All of the projects under review upon completion, reported they delivered all the benefits as stated.

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<sup>11</sup> Department of Education Construction of Dunalley Primary School Questionnaire, p.7.

<sup>12</sup> Department of Education George Town Hub Questionnaire, p.7

## TO WHAT EXTENT DID THE PROJECT UTILISE LOCAL CONTRACTORS?

2.26 All of the projects under review reported they had utilised local contractors.

2.27 The Department of State Growth commented:

### Colebrook Main Road, Richmond – Heavy Vehicle Link Road

*During the development stage the Department used the local GHD engineering firm to complete the design.*

*During the construction stage the contract was awarded to Venarchie Contracting P/L.*

*Venarchie used several local subcontractors. They were:*

*Downer EDI Works for Asphalt and sealing, Boral/Rooke for pavement materials, Onlinz for line marking and Geotas for wire rope safety fencing.<sup>13</sup>*

2.28 The Department of Education commented:

### Construction of Dunalley Primary School

*The project head contractor was Macquarie Builders Pty Ltd, a southern Tasmanian based contractor. All sub-contractors were local to the region.<sup>14</sup>*

### George Town Hub

*The head contractor for the project was local contractor Fairbrother Pty Ltd. The tender assessment process used to appoint Fairbrother Pty Ltd as the head contractor included an assessment criteria of ‘use of subcontractors that are local to the region of works’. This process confirmed that the vast majority of the subcontractors were local to the region of work.<sup>15</sup>*

## FINDING

12. All of the projects under review reported local contractors were engaged during the project period.

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<sup>13</sup> Department of State Growth Op cit, p. 8

<sup>14</sup> Department of Education Construction of Dunalley Primary School Questionnaire, p.8.

<sup>15</sup> Department of Education George Town Hub Questionnaire, p.8

A handwritten signature in black ink, consisting of a large, stylized loop followed by a horizontal line extending to the right.

Hon Ivan Dean MLC

Chair

26 June 2020