



# ACT AUDITOR-GENERAL'S OFFICE



## MEDIA RELEASE

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### Performance Audit Report

#### **Road Projects: Fairbairn Avenue Upgrade and Horse Park Drive (Gundaroo Drive to Federal Highway) Project.**

The ACT Auditor-General, Mrs Tu Pham, has today presented a Performance Audit report titled '**Road Projects: Fairbairn Avenue Upgrade and Horse Park Drive (Gundaroo Drive to Federal Highway) Project**', to the Speaker of the ACT Legislative Assembly.

Road projects are a significant component of the ACT annual capital work program. The 2008-09 Budget provides funding of \$36.00m for 15 road projects over a three years period, about \$20m of which is expected to be spent in 2008-09. It is therefore important that responsible agencies can manage road projects effectively to achieve value for money and other goals such as road safety.

#### **Audit Opinions and Key Findings**

- Planning for individual ACT road projects is undertaken within a sound policy framework that features established procedures, and has adequate regard to economic, environmental, and community concerns.
- Each project examined delivered a road that met construction specifications. However, the overall management of the projects was not effective, and the projects were delivered late and at significant additional costs.

In particular:

- planning for both projects suffered from poor co-ordination with some key stakeholders, and inadequate resourcing;
  - deficiencies in certain aspects of the management of the Horse Park Drive (Gundaroo Drive to Federal Highway) Project reduced the accountability of the consultant, Roads ACT and Procurement Solutions for the project;
  - there was significant delay in resolving project variations; and
  - risk management practices could have been more effective during the projects with improved planning and consultation.
- Further, responsible agencies have not evaluated the projects against the original objectives to determine whether intended outcomes have been achieved, and did not have a sound process to apply lessons learnt to future projects.

#### **Fairbairn Avenue Upgrade Project (practical completion in January 2006)**

- Funding for the Fairbairn Avenue project was provided through the *Traffic Congestion and Road Safety Improvement Program*. The budget for the projects that composed the program were developed in a very short time, and were intended only as preliminary estimates.

- There was significant local resident reaction to the proposal to duplicate the Fairbairn Avenue, and this led to a Legislative Assembly Committee inquiry into the matter.
- Roads ACT abandoned the plan for a complete duplication of Fairbairn Avenue by March 2002, stating the opposition from the National Capital Authority as one of the key reasons. Audit was unable to find evidence that the Authority vetoed the duplication project, nor of any decision by the Minister to change the scope of the project.
- The project's final cost was \$9.534m (exclusive of GST), 19 percent above the original budget of \$8m. Practical completion, planned for March 2005, was delayed until January 2006 and financial completion did not occur until February 2007.
- Even with the higher costs, the Fairbairn Avenue was only upgraded rather than duplicated as intended under the original budget and the *Traffic Congestion and Road Safety Improvement Program*.

**Horse Park Drive (Gundaroo Drive to Federal Highway) Project (Practical Completion in February 2004)**

- Roads ACT significantly broadened the project scope, without additional budget. It then responded to initial higher costing by requesting deletions of significant features from the road project design, including traffic signals and water mains required to serve new suburbs. This decision together with other factors led to many problems during the construction of the project.
- The inadequacy of the initial project budget, and higher than anticipated tender prices, resulted in other priority road projects being delayed or shelved, to make up for this funding shortfall.
- Procurement Solutions relied on the contractors' quality assurance systems and did not check any quality assurance documentation prior to Roads ACT issuing a Certificate of Design Acceptance to the project design. The design was later found to have a number of errors and omissions.
- Lack of sound project management led to some communication breakdowns that affected planning for traffic signals and water mains, and payments for variations.
- Procurement Solutions attempted to ensure the superintendent was fulfilling its contractual obligations. However, its actions were not effective.
- Procurement Solutions and Roads ACT relied on the project superintendent to manage the environmental considerations, and did not take timely measures to address the lack of actions by the consultants. This led to delay in addressing concerns raised by environmental agencies, as well as delay in the project and increases in contract costs.
- Although the monthly construction reports regularly reported on the management of leachates from acid sulphate rocks, Audit did not find evidence that the environment management plan or monitoring program was prepared and implemented during the construction as required.
- Roads ACT did not conduct a formal evaluation of the project against the objectives and intended outcome, using an industry standard evaluation method, such as that issued by AUSTRROADS. Since 2008, Roads ACT has taken actions to address this issue.
- There is a lack of data on traffic volumes to support any planning as to when the road would be at full capacity, and require major upgrade or duplication.
- The project's original \$7m budget was exceeded by over 60 percent, with the final cost being \$11.4m (exclusive of GST). Practical completion, planned for November 2003, was delayed until February 2004; financial completion did not occur until November 2006.

## **Recommendations**

The audit made six recommendations to address the issues raised. All were partly or fully agreed to by the Department of Territory and Municipal Services.

## **Further Information**

For further information, please contact Rod Nicholas, Director of Performance Audits and Corporate Services on 62070827. Copies of the report are available from the ACT Auditor-General's Office (Level 4, 11 Moore Street, Canberra City) and from its website, [www.audit.act.gov.au](http://www.audit.act.gov.au).