



Government  
of South Australia

Report  
of the  
Auditor-General  
Supplementary Report  
for the  
year ended 30 June 2016

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Tabled in the House of Assembly and ordered to be published, 20 June 2017

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Second Session, Fifty-Third Parliament

The Torrens Road to River Torrens South Road  
Upgrade Project: June 2017

By authority: Sinead O'Brien, Government Printer, South Australia

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Dear President and Speaker

**Report of the Auditor-General: Supplementary Report for the year ended 30 June 2016: The Torrens Road to River Torrens South Road Upgrade Project: June 2017**

As required by the *Public Finance and Audit Act 1987*, I present to each of you my Supplementary Report for the year ended 30 June 2016 'The Torrens Road to River Torrens South Road Upgrade Project: June 2017'.

**Content of the Report**

Part A of the Auditor-General's Annual Report for the year ended 30 June 2016 referred to audit work that would be subject to supplementary reporting to Parliament.

This supplementary report provides detailed commentary and audit observations on our review of The Torrens Road to River Torrens South Road Upgrade Project.

This major infrastructure project upgrades the section of South Road from Ashwin Parade to Pym Street and is jointly funded by the State and Federal Governments under the National Partnership Agreement.

The review assessed whether effective controls were in place over the following elements of the project:

- planning, evaluation and approval processes
- governance and accountability arrangements
- Commonwealth funding arrangements
- compulsory land acquisition processes.

## **Acknowledgements**

The audit team for this report was Salv Bianco and Jodie Fitzgerald.

I also express my appreciation for the cooperation and assistance of staff of the Department of Planning, Transport and Infrastructure during the audit.

Yours sincerely

A handwritten signature in black ink that reads "Richardson". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Andrew Richardson  
**Auditor-General**

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# 1 Executive summary

## 1.1 Introduction

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The Torrens Road to River Torrens South Road Upgrade Project (the Torrens to Torrens Project) is a major infrastructure project with an estimated total cost of \$896 million. It is one component of a planned program to upgrade Adelaide's north-south corridor, which runs from Gawler in the north to Old Noarlunga in the south.

Improving the north-south corridor was identified in South Australia's strategic infrastructure plan.<sup>1</sup>

The Torrens to Torrens Project, which is upgrading the section of South Road from Ashwin Parade to Pym Street, is jointly funded by the State and Federal Governments under the National Partnership Agreement on Land Transport Infrastructure Projects.

The Department of Planning, Transport and Infrastructure (DPTI), the State's key infrastructure delivery agency, is responsible for delivering this project. It is the first time a project alliance arrangement has been used by DPTI to deliver road infrastructure works.

More details about the Torrens to Torrens Project and project alliance arrangements are provided in section 2.

Our audit objective for this review was to determine whether effective controls were in place over the following elements of the project:

- planning, evaluation and approval processes
- governance and accountability arrangements
- Commonwealth funding arrangements
- compulsory land acquisition processes.

## 1.2 Conclusion

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For some key areas we reviewed we found that controls were not effective. This was mainly in areas where DPTI has oversight as project owner.

Adequate processes and arrangements were in place for the project alliance to enable its participants (DPTI and non-owner participants) to manage project delivery. We did, however, identify areas where improvement should strengthen those processes.

For planning, evaluation and approval we found that DPTI did not have a process in place to check that the project complied with the evaluation and approval requirements of Treasurer's Instruction 17. Evaluation and approvals to proceed with the project were instead driven by the Commonwealth funding process.

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<sup>1</sup> 'Strategic Infrastructure Plan for South Australia 2005/6 – 2014/15', Government of South Australia, 2005.

For governance and accountability arrangements, we found the following control deficiencies:

- for a number of governance committees, terms of reference were not finalised and there was little evidence of regular, ongoing review of the project by the current DPTI group responsible for overseeing major capital projects
- for risk management, there was no evidence of ongoing risk identification and analysis of the project by DPTI as owner
- DPTI did not have a project owner plan that ensured it, as owner, monitored all requirements of the Project Alliance Agreement
- DPTI needed to review its policies and procedures for receiving gifts and benefits and financial rewards to:
  - establish clearer accountability and approval arrangements
  - provide clearer guidance to employees.

The project alliance processes that could be strengthened included managing alliance approvals and delegations of authority, and improving existing risk management documentation and processes.

We found that there were adequate processes and documentation evidencing compliance with the Commonwealth funding arrangements for the project.

We found that compulsory land acquisition processes were satisfactory and complied with the *Land Acquisition Act 1969*, but could be improved by developing consolidated policies and procedures.

## 1.3 What we found

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### Project planning and approvals (section 4)

DPTI did not specifically check that the requirements of Treasurer’s Instruction 17 ‘Evaluation of and Approvals to Proceed with Public Sector Initiatives’ (TI 17) and the prescribed ‘Guidelines for the Evaluation of Public Sector Initiatives’ had been addressed.

We could retrospectively match the Commonwealth funding application documents to these requirements but some areas of the prescribed evaluation guidelines were not addressed.

We also found limited information in accountability documents about the value, location and nature of intersection upgrades that were part of the project (costing \$20 million) but outside of the project boundary.

### Project governance groups and committees (section 5)

We found weaknesses in the overall governance structure for the Torrens to Torrens Project because of the following issues with its governance groups and committees:

- terms of reference for some groups were unsigned, indicating that they were still in draft

- there was no evidence that some committees and groups were fulfilling the purpose set out in their terms of reference
- there was no evidence of oversight over earlier groups and committees to ensure they met their objectives
- there was little evidence of regular, ongoing review of the Torrens to Torrens Project by more recently established governance groups, which oversee multiple projects.

### The Project Alliance Agreement (section 6)

We found that the governance over the T2T Alliance performed by DPTI as owner of the project was weakened by:

- not promptly finalising the key result areas for the project that the T2T Alliance is measured against
- not establishing a project owner plan to ensure all obligations and requirements under the Project Alliance Agreement are monitored and appropriately actioned.

We also found some Alliance Leadership Team practices that did not comply with the Project Alliance Agreement.

### Risk management (section 7)

We found that there was no evidence that DPTI has implemented ongoing risk identification and analysis for the Torrens to Torrens Project as owner.

We also found that:

- the risk register maintained by DPTI before the formation of the T2T Alliance was incomplete
- risks reported monthly to the DPTI Portfolio Management Office were not consistent with the risks identified monthly by the T2T Alliance.

Within the T2T Alliance we found that:

- operational and project delivery risks were being actively identified, recorded and managed but risk treatments and monitoring activities were not always detailed in the risk register
- risk management responsibilities were not specifically assigned to alliance staff through the Alliance Management Framework in the Project Alliance Agreement.

### Managing and disclosing conflicts of interest and financial rewards (section 8)

We found that both DPTI and the T2T Alliance had not established appropriate mechanisms to identify, disclose or manage potential and actual conflicts of interest because:

- code of conduct training (which covers conflicts of interest) was not promptly provided to all alliance staff

- receipt of gifts and benefits recorded for DPTI staff by the T2T Alliance were not captured by DPTI
- DPTI staff had accepted hospitality from private sector companies without obtaining approval from the DPTI Chief Executive
- DPTI staff working within the T2T Alliance were entitled to earn low value financial rewards without any clear guidance on when this is appropriate.

### Managing approvals and delegations of authority (section 9)

There were delays in submitting documentation and obtaining approval from the Commissioner of Highways for some events and changes as required by the Project Alliance Agreement. This resulted in some instances of work starting before approval and other actions not being carried out in line with the Project Alliance Agreement.

We also found that the delegations of authority issued by the T2T Alliance were not authorised by the Alliance Leadership Team until eight months after the alliance started.

### Managing land acquisitions (section 10)

Policies and procedures for DPTI's Acquisition Services group have not been completely documented.

Some land acquisition documentation was not kept consistently on the acquisition files.

## 1.4 What we recommended

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We made a number of recommendations to DPTI to address the issues raised, including:

- for future projects, ensure that project evaluation and approvals meet the requirements of TI 17 and the prescribed evaluation guidelines
- establish guiding principles for the amount of information to be disclosed in project submissions for large projects, particularly where there are anticipated preliminary works or associated works
- ensure finalised terms of reference are in place for governance groups and monitor them to ensure that they are operating accordingly
- ensure that projects are reviewed regularly by governance groups
- establish a framework and plan to support the ongoing management of the Project Alliance Agreement as project owner
- through the Alliance Leadership Team, establish a monitoring mechanism to ensure that all accountabilities and responsibilities in the Alliance Management Framework are addressed

- for future project alliances ensure that the performance measures are finalised during the alliance selection process
- identify and assess risks for the Torrens to Torrens Project for broader owner and alliance contract risks
- report key risks for the Torrens to Torrens Project identified by the T2T Alliance to the Portfolio Management Office
- ensure risk assessments, control actions, risk treatments and assignment of actions are covered in the risk register for DPTI projects
- review and update DPTI's policies and procedures for receiving gifts and benefits and giving recognition and rewards
- where required, obtain and document the Commissioner of Highways's approval before implementing changes or incurring costs
- document and promptly approve the assignment of roles and responsibilities from the Alliance Leadership Team to alliance staff through delegations
- finalise consolidated policies and procedures for DPTI's Acquisition Services group.

## 1.5 Response to our recommendations

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DPTI responded positively to our findings, stating:

*Confirming that we agree with the findings in your letter and will implement improvements on this and future projects essentially as per the recommendations within a reasonable time frame.*

## 2 Background

### 2.1 What the Torrens to Torrens Project will deliver

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The Torrens to Torrens Project is upgrading the section of South Road between Pym Street in West Croydon/Dudley Park to Ashwin Parade in Thebarton. The main features of the project include:

- a four kilometre non-stop section of road between Pym Street and Ashwin Parade
- a three kilometre section of lowered motorway from Overland Road to Hindmarsh Avenue
- an overpass of the Outer Harbor rail line over South Road
- intersection upgrades at Port Road, Grange Road/Manton Street, Hawker Street/Hurtle Street, Torrens Road and Pym Street, including bridges over the lowered motorway.

The Torrens to Torrens Project is currently in the construction phase with completion of construction works expected in late 2018.

As at the end of May 2017, DPTI advised that project expenditure was \$558.15 million.

A map showing the scope of work is provided in Appendix 1.

### 2.2 The link between the Torrens to Torrens Project and the State's infrastructure plans

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South Australia's transport and infrastructure plans identify South Road as a strategically important piece of road infrastructure for the State. South Road makes up part of the north-south corridor which extends from Gawler in the north to Old Noarlunga in the south.

South Australia's strategic infrastructure plan identified improving the north-south corridor as one of the top infrastructure priorities.

The 30-year plan for Greater Adelaide<sup>2</sup> sets out the SA Government's proposed response to population growth and demographic change in Greater Adelaide. The transport policies in the plan include providing non-stop travel along the strategic north-south corridor.

The Torrens to Torrens section of South Road was identified as a priority section for upgrade following a study undertaken by DPTI in 2011 to plan for a non-stop South Road corridor between Regency Road and Anzac Highway.<sup>3</sup> Based on safety and traffic delay criteria, the highest priority for upgrade in that section of road was determined to be between Torrens Road and the River Torrens.<sup>4</sup>

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<sup>2</sup> '30-Year Plan for Greater Adelaide' DPTI, 2010.

<sup>3</sup> 'North-South Corridor Torrens Road to River Torrens. Project Assessment Report', DPTI, June 2014.

<sup>4</sup> 'South Australian Government Submission for Nation Building 2 Funding. Staging Options Paper for the South Road Upgrade (Regency Road to River Torrens)', DPTI, December 2012.

## 2.3 Joint Commonwealth and State funding for the project

### 2.3.1 The Commonwealth funding process

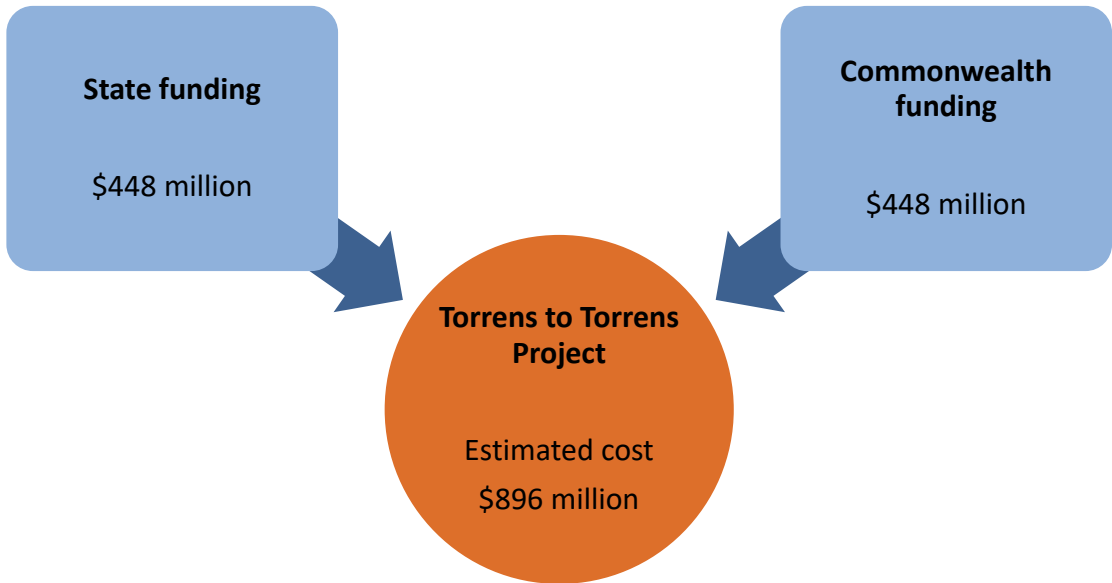
In 2012 the SA Government submitted a list of priority projects to the Australian Department of Infrastructure and Transport (now the Department for Infrastructure and Regional Development) and Infrastructure Australia for consideration under the Nation Building 2 Program. The first priority identified by DPTI, and approved by Cabinet for submission to the Commonwealth, was the upgrade of South Road between Regency Road and the River Torrens.

A business case was submitted to Infrastructure Australia and the Department of Infrastructure and Transport in August 2012 for this upgrade, with an estimated cost of \$1.67 billion.

A staging options paper, which looked at conducting this upgrade in sections, was submitted to the same two Commonwealth agencies in December 2012. It concluded that the Torrens Road to River Torrens section of South Road was in greatest need of upgrading, based on safety and traffic delay issues. The estimated cost for upgrading this section was \$896 million.

The Torrens Road to River Torrens upgrade of South Road was included in the National Partnership Agreement on Land Transport Infrastructure Projects signed in October 2014. Under this agreement the Commonwealth will fund 50% of the project to an agreed value of \$896 million.

Figure 2.1: Joint Commonwealth and State funding for the project



### 2.3.2 The roles of Infrastructure Australia and the Department for Infrastructure and Regional Development

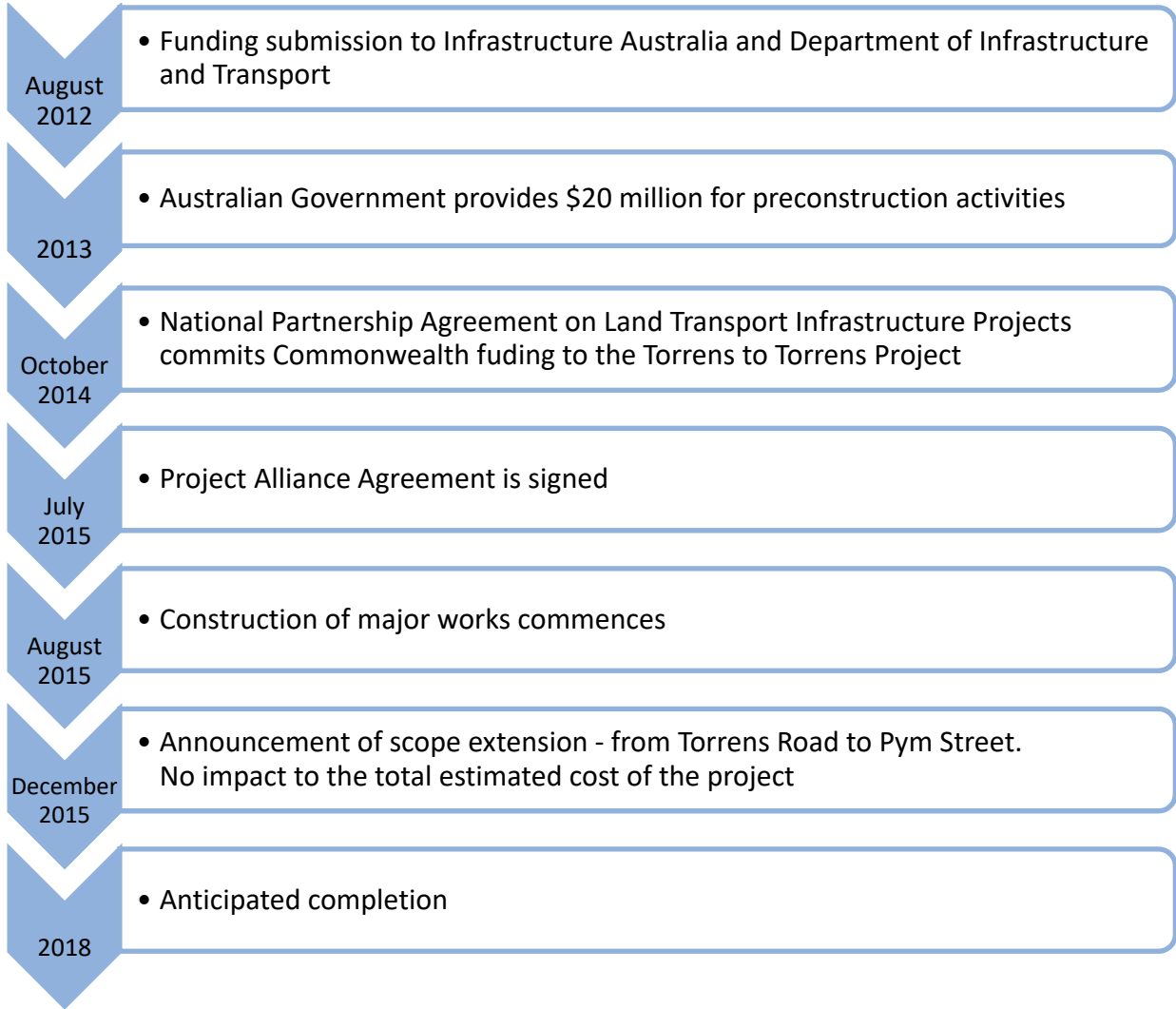
Infrastructure Australia assesses submissions and prioritises nationally significant projects. The Department for Infrastructure and Regional Development helps Commonwealth Ministers and the Australian Government to evaluate, plan and invest in infrastructure. It also administers the National Partnership Agreement on Land Transport Infrastructure Projects.

## 2.4 Project timeline

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The Torrens to Torrens Project has spanned a number of years through the evaluation, planning and delivery phases. Figure 2.2 provides an overview of the key project milestones up to the current point of construction delivery.

Figure 2.2: Key project milestones





## 2.5 Delivery of the Torrens to Torrens Project under a project alliance

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Construction of the Torrens to Torrens Project is being delivered under a project alliance agreement. This is the first time DPTI has used a project alliance to deliver a road infrastructure project.

The alliance formed for this project has been named the T2T Alliance.

### 2.5.1 What is a project alliance?

A project alliance comprises an owner and one or more service providers working as an integrated team to deliver a specific project under a contractual framework.<sup>5</sup> The participants work together as an integrated, collaborative team and make unanimous decisions on all key project delivery issues.<sup>6</sup>

Some of the key features of an alliance contract include:<sup>6</sup>

- project risk management and outcomes are collectively shared by the alliance participants
- collaboration between the buyer (DPTI) and the seller to develop the proposal
- combining the knowledge and experience of participants to address complexities and unknowns
- a joint management structure
- transparency through open book documentation and reporting.

### 2.5.2 Formation of the T2T Alliance

The T2T Alliance was selected through a competitive procurement process for delivery of the project. The alliance is made up of the owner participant, a designer participant and a constructor participant as shown in figure 2.3.

Figure 2.3: T2T Alliance structure

T2T Alliance		
<b>Owner participant</b>	<b>Constructor non-owner participants</b>	<b>Designer non-owner participant</b>
Commissioner of Highways (DPTI)	CPB Contractors and York Civil	Aurecon Australasia

<sup>5</sup> 'Introduction to Project Alliancing (on engineering & construction projects)', Jim Ross, April 2003 update.

<sup>6</sup> 'National Alliance Contracting Guidelines. Guide to Alliance Contracting', Department of Infrastructure and Regional Development, September 2015.

The Commissioner of Highways has a statutory role under the *Highways Act 1926* for the care, control and management of South Road. The Commissioner’s representative, defined in the Project Alliance Agreement, is the Chief Operating Officer of DPTI.

### 2.5.3 The Project Alliance Agreement

The legal framework for the alliance is set out in the Project Alliance Agreement. The Project Alliance Agreement includes the alliance purpose principles and objectives. It contains a number of attachments and schedules that prescribe the operating and management requirements for the T2T Alliance. The attachments and schedules include:

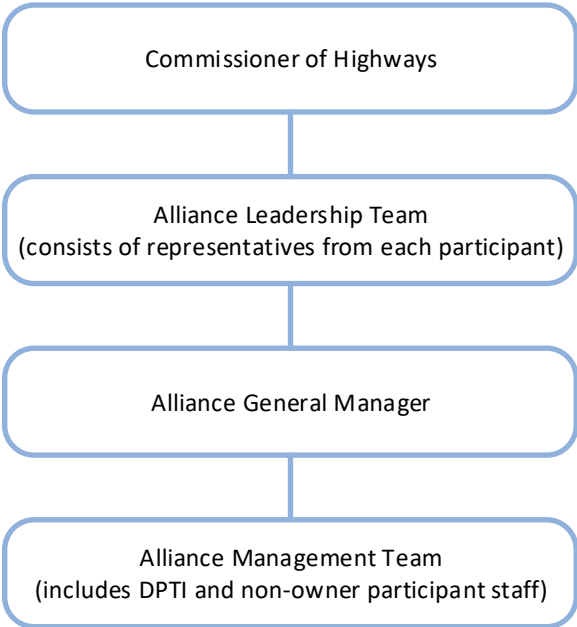
- project program
- target outturn cost
- project scope and technical requirements
- commercial framework
- alliance management framework
- performance spectrum
- adjustment events and guidelines.

Further details about the Project Alliance Agreement are provided in section 6.

### 2.5.4 The T2T Alliance structure

The key governance roles for the T2T Alliance established under the Project Alliance Agreement are shown in figure 2.4.

**Figure 2.4: Governance roles for the T2T Alliance**



### 2.5.5 The Alliance Leadership Team

The Alliance Leadership Team was established under the Alliance Management Framework to develop and implement the strategic leadership and direction of the alliance. The Alliance Leadership Team consists of two DPTI staff to represent the Commissioner of Highways and staff from each of the non-owner participants.

The Alliance Leadership Team make decisions on a best for project basis to fulfil the alliance principles of sharing risks, responsibilities and outcomes.

## 3 Audit mandate, objective and scope

### 3.1 Our mandate

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The Auditor-General has authority to conduct this review under section 36(1)(a)(iii) of the *Public Finance and Audit Act 1987*.

### 3.2 Our objective

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Our review assessed whether effective controls were in place over the following elements of the Torrens to Torrens Project:

- planning, evaluation and approval processes
- governance and accountability arrangements
- Commonwealth funding arrangements
- compulsory land acquisition processes.

### 3.3 What we reviewed and how

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There are many components and stages to a large infrastructure delivery project. We sought to understand the stages, risks and issues of the Torrens to Torrens Project before identifying the following areas to review:

- planning, evaluation and approval processes, including project initiation
- governance and accountability arrangements, including:
  - project governance groups and committees that had a role in overseeing the project
  - the Project Alliance Agreement and the requirements imposed on DPTI as alliance participant and project owner
  - risk management processes
  - managing and disclosing conflicts of interest and performance rewards for employees
  - approvals and delegations of authority
- Commonwealth funding arrangements, including compliance with the funding agreement
- compulsory land acquisition processes, including whether DPTI complied with the *Land Acquisition Act 1969* and its own policies and procedures.

In assessing these areas, we considered the requirements of legislation, authoritative documentation (such as approvals and contractual documentation), the requirements established by the SA Government through the Treasurer's Instructions and other relevant policies, procedures, guidelines and agreements.

As the State's key infrastructure delivery agency, DPTI is responsible for:

- undertaking and properly evidencing thorough planning
- following established rules and guidelines and sound practice for effective project management and delivery
- being accountable and transparent in its operations.

These responsibilities were considerations in forming our conclusions on the Torrens to Torrens Project.

The project is not yet completed and has spanned a number of years. Our review covered the period from the submission of the State's priority projects to be considered for Commonwealth funding (under what is now known as the National Partnership Agreement on Land Transport Infrastructure Projects) in August 2012 to the current point of project delivery under the Project Alliance Agreement.

### 3.4 What we did not review

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Our review was limited to the four areas outlined in section 3.2 and did not cover any procurement processes, development of project costs and budgets or contract management (including financial reporting and payments).

## 4 Project planning and approvals

### What we found

We found that prioritising the Torrens to Torrens Project and preparing evaluation documentation, such as the business case, were undertaken by DPTI to obtain Commonwealth funding.

DPTI did not specifically check that the requirements of TI 17 and prescribed evaluation guidelines were addressed. We were able to retrospectively match the funding application documents to the requirements, but some areas of the evaluation guidelines were not addressed, such as Department of Treasury and Finance assessment of the business case and the provision of certain information to Cabinet.

We also found minimal information in accountability documents about the value, location and nature of intersection upgrades that were part of the project (costing \$20 million) but outside of the project boundary.

### What we recommended

For future projects DPTI should ensure that project evaluation and approvals meet the requirements of Treasurer's Instruction 17 and the prescribed evaluation guidelines. It can do this by explicitly mapping project development stages against these requirements, referring to specific documents that demonstrate compliance.

We also recommended that DPTI establish guiding principles for the amount of information to be disclosed in project submissions for large projects, particularly where there are anticipated preliminary works or associated works. Guiding principles should identify trigger-points, criteria and areas of risk that need to be addressed through additional disclosure.

## 4.1 Introduction

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### 4.1.1 Formation of the Torrens to Torrens Project

South Australia's transport and infrastructure plans identify South Road as a strategically important piece of road infrastructure for the State. South Road makes up part of the north-south corridor, which runs from Gawler in the north to Old Noarlunga in the south.

South Australia's strategic infrastructure plan identifies improving the north-south corridor as one of the top infrastructure priorities.

A business case was submitted to Infrastructure Australia and the Department of Infrastructure and Transport in August 2012 to upgrade South Road between Regency Road

and the River Torrens at an estimated cost of \$1.67 billion. A staging options paper, which looked at conducting this upgrade in sections, was submitted to the same two Commonwealth agencies in December 2012. It concluded that the Torrens Road to River Torrens section of South Road was in greatest need of upgrading, based on safety and traffic delay issues. The estimated cost for this section was \$896 million.

The Torrens Road to River Torrens upgrade of South Road was included in the National Partnership Agreement on Land Transport Infrastructure Projects signed in October 2014. Under this agreement the Commonwealth will fund 50% of the project to an agreed value of \$896 million.

### 4.1.2 Planning, evaluation and approval requirements for public sector initiatives

Agencies managing public sector initiatives must comply with TI 17 and the prescribed evaluation guidelines.

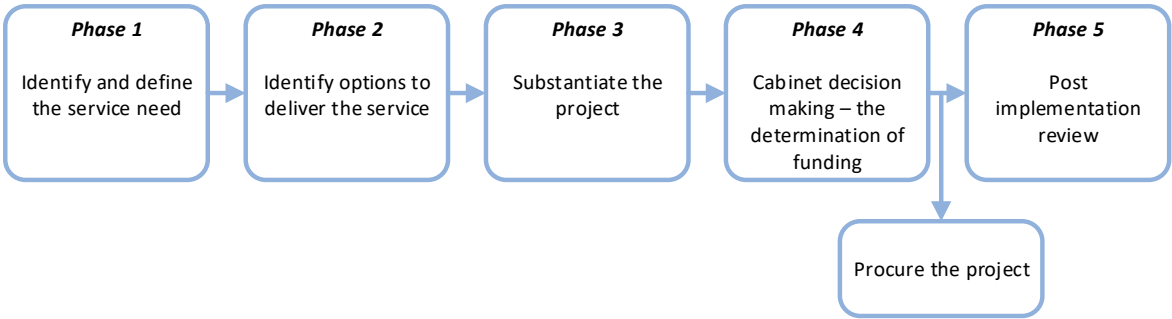
The purpose of TI 17 and the guidelines is to ensure that:

- projects are developed to meet an identified need
- projects are planned to effectively use public funds to meet the identified need
- the right approvals are obtained to commit resources to the project.

TI 17’s stated objective is to require the chief executive of a public authority to evaluate public sector initiatives in line with the guidelines. The Torrens to Torrens Project falls within the scope of TI 17, which also prescribes the approvals to be obtained for public sector initiatives. The level of approval depends on the estimated cost of the initiative.

The guidelines applicable at the time the application was made for Commonwealth funding of the Torrens to Torrens Project (mid-2012) prescribe the phased approach to project evaluation shown in figure 4.1.

**Figure 4.1: Phased approach to project evaluation**



In addition to the approvals prescribed by TI 17, the Torrens to Torrens Project was referred to the Public Works Committee under section 16A of the *Parliamentary Committees Act 1991*. This is required if the total amount to be applied for construction of the works will exceed \$4 million. No amount can be applied for the actual construction unless the final report of the Committee has been presented.

## 4.2 Findings

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### 4.2.1 The Department of Planning, Transport and Infrastructure did not ensure that the Commonwealth funding process complied with Treasurer's Instruction 17

#### Recommendation

For future projects, DPTI should review and evidence evaluations and obtain approvals in line with TI 17 and the prescribed evaluation guidelines. It can do this by explicitly mapping project development stages against the requirements, referring to specific documents that demonstrate compliance.

#### Finding

The evaluation of the Torrens to Torrens Project and the timing of approvals to proceed with it followed the Commonwealth funding process established for the Nation Building 2 Program (later titled the National Partnership Agreement on Land Transport Infrastructure Projects). As a result, the Commonwealth agreed to fund 50% of the project to the agreed value of \$896 million; that is, up to \$448 million. The SA Government will fund the balance of the project cost.

We found that DPTI had not specifically evaluated the project against the requirements of TI 17 or the prescribed evaluation guidelines. DPTI staff operated on the basis that the funding application and approval process addressed these requirements.

As there were similarities between the Commonwealth funding application process and the guidelines, we assessed the process DPTI followed against the prescribed requirements. We did this by mapping the available documentation against the guidelines. Appendix 2 provides this mapping.

We found that the evaluation phases required by the guidelines were addressed at various points between 2012 and 2015 in the process of applying for and obtaining Commonwealth funding. There were, however, some specific requirements that were not addressed.

These were in the areas of information provided to the Department of Treasury and Finance (DTF) for review and the level of detailed information provided to Cabinet.

#### *No evidence of business case assessment by DTF*

The prescribed evaluation guidelines required the outline business case assessment to be provided to DTF for assessment and comment. This provides a check that the:

- financial elements are soundly based
- non-financial costs and benefits are identified and explained adequately
- assumptions are clearly stated
- methodology underlying the business case is appropriate.



There was no evidence that the submissions to the Commonwealth (which we determined did meet the business case assessment requirement of the guidelines) were assessed by DTF. DTF did comment on the Cabinet submissions prepared during the process of applying for funding. These submissions did not, however, contain all of the detail included in the business case. For example, benefit cost ratio sensitivity testing, monetised cost benefit analysis using discount rates of 4%, 7% and 10% and detailed economic appraisal results of interim infrastructure items were detailed in the business case submitted to the Commonwealth but were not included in the Cabinet submissions.

*Information provided to Cabinet did not cover all the areas required by the guidelines*

The prescribed evaluation guidelines at the time stated that Cabinet needs certain information about a project or each of its variants in order to reach a decision on whether it should proceed.<sup>7</sup> We found that the information presented in two Cabinet submissions, one seeking approval for infrastructure priority projects and the other seeking approval to sign on to the National Partnership Agreement, gave minimal or no information in the following required areas:

- financial evaluation showing the impact on the agency
- a net present value calculated on the basis of all costs and benefits that can be objectively valued
- information about all other identified costs and benefits that cannot be objectively valued
- a summary of the outcomes of the sensitivity analysis.

The evaluation and approval for the Torrens to Torrens Project was driven by the Commonwealth funding process for the project and can be retrospectively matched to the phase requirements of the evaluation guidelines.

Without a mapping of processes against the guidelines, the risk increases that projects are not soundly evaluated and poor decisions are made. This applies to negotiating outcomes where significant Commonwealth funding is available and to projects more generally in DPTI.

#### 4.2.2 Lack of information in planning and approval documents for early project works conducted outside the project area

##### Recommendation

DPTI should establish guiding principles for the level of information to be disclosed in project submissions and planning documents for large projects, particularly where there are preliminary/early works or associated work. Guiding principles should identify trigger-points, criteria or areas of risk that need to be addressed through increased disclosure.

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<sup>7</sup> 'Guidelines for the Evaluation of Public Sector Initiatives', DTF, July 2014, p. 25.

## Finding

Upgrades of the Park Terrace, Fitzroy Terrace and Torrens Road intersection (\$11.3 million) and James Congdon Drive/South Road intersection (\$8.8 million) have been included as part of the \$896 million Torrens to Torrens Project.

These intersections are outside of the Torrens to Torrens Project area. The Park Terrace, Fitzroy Terrace and Torrens Road intersection is 2 km from the Torrens Road end of the project area. The James Congdon Drive/South Road intersection is 2.9 km from the River Torrens project boundary on South Road.

We found that there was limited information about the nature of these works and their value in the planning and accountability documentation (business case, staging options paper, early Cabinet submissions and submission to the Public Works Committee).

These works were not specifically disclosed as part of the project scope in the business case or staging options paper in the Commonwealth funding documentation.

The Cabinet submission seeking endorsement to refer the Torrens to Torrens Project to the Public Works Committee (approved February 2015) lists traffic capacity improvements on likely alternative travel routes as one of the project's key features. The Cabinet submission does not, however, disclose the location or estimated cost of these improvements.

The submission to the Public Works Committee (February 2015) stated that DPTI was investigating minor traffic capacity improvements on likely alternative travel routes including Park Terrace, Fitzroy Terrace, Torrens Road and James Congdon Drive. It does not, however, indicate the value of these works.

These upgrades, which are in the vicinity of the project but are not immediately identifiable as being part of the upgrade of South Road between Torrens Road and the River Torrens, represent a significant expenditure of around \$20 million. The information provided to Cabinet and the Public Works Committee, when discussing minor traffic capacity improvements, does not indicate the value of these works. The information provided to the approving bodies was insufficient for them to understand the size and nature of the works being considered.

\$20 million is a small percentage of the total expected Torrens to Torrens Project cost of \$896 million. However, for comparison, it is well above the threshold requirement of \$4 million for separate Public Works Committee review under the *Parliamentary Committees Act 1991*.

We acknowledge that judgement needs to be exercised when determining the level of information provided in submissions and breaking projects down into too many components or into overwhelming detail will not necessarily be useful to decision makers. However, guidance can make exercising this judgement more structured and consistent.

## 5 Project governance groups and committees

### What we found

We found weaknesses in the overall governance structure for the Torrens to Torrens Project because of the following issues with its governance groups and committees:

- terms of reference for some groups were unsigned, indicating that they were still in draft
- there was no evidence that some committees and groups were fulfilling the purpose set out in their terms of reference
- there was no evidence of oversight over earlier groups and committees to ensure they met their objectives

There was little evidence of regular, ongoing review of the Torrens to Torrens Project by more recently established governance groups, which oversee multiple projects.

### What we recommended

DPTI, as the key infrastructure delivery agency for the State, should ensure that strong governance processes are in place and are evidenced to enable projects to be delivered in line with approved plans. To enable this DPTI should:

- ensure finalised terms of reference are established for all governance groups and committees by obtaining approval from the Chief Executive or delegate
- ensure that projects are considered regularly by the relevant groups and committees with evidence through agendas and meeting minutes
- monitor governance groups to ensure that they are operating in line with the approved terms of reference.

## 5.1 Introduction

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### 5.1.1 What is project governance?

Project governance is:

*... a process for directing and managing projects, a system for holding projects accountable and controlling them, and a framework for the effective assignment of specific and overall accountability for delivering the project. It is a set of policies, principles, rules, and supporting practices put in place to run a project.<sup>8</sup>*

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<sup>8</sup> 'National Alliance Contracting Guidelines. Guide to Alliance Contracting', Department of Infrastructure and Regional Development, September 2015, p. 101.

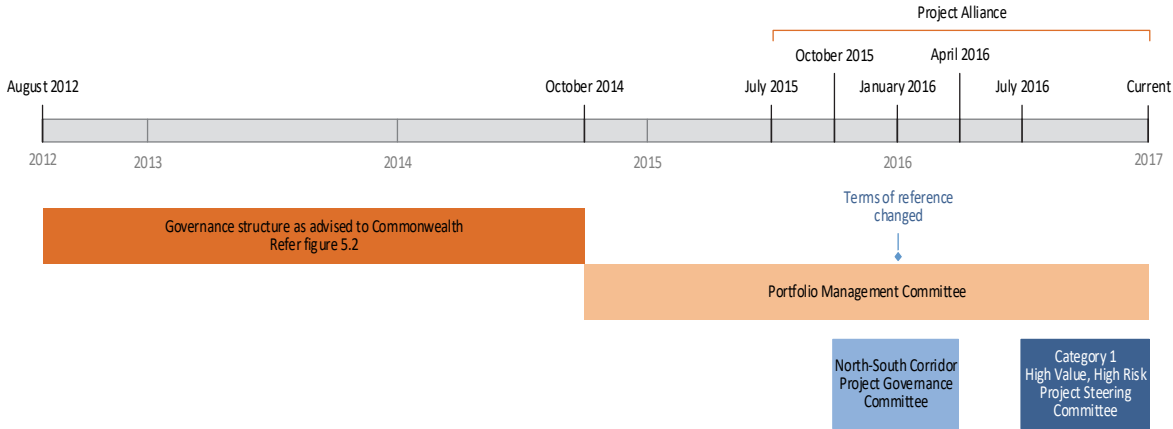
### 5.1.2 Governance and accountability over the life of the Torrens to Torrens Project

The governance structure has changed over the life of the Torrens to Torrens Project.

When the T2T Alliance was established in July 2015, additional structures were added to the governance arrangements. While DPTI remained responsible for the project, the collaborative model of delivering the works changed the governance structures and responsibilities.

Figure 5.1 summarises the changes to governance structures since 2012.

**Figure 5.1: Changes to the project governance structures over time**



### 5.1.3 Project alliance

The Torrens to Torrens Project is being delivered under a project alliance arrangement. This is the first road alliance arrangement used by DPTI.

A project alliance comprises an owner and one or more service providers working as an integrated team to deliver a specific project under a contractual framework where their commercial interests are aligned with actual project outcomes.<sup>9</sup>

The nature of a project alliance, where the owner works collaboratively with the delivery participants, adds an additional component to the governance of the project. The joint management structure allows the alliance to:

- share project risk management and outcomes between all alliance participants
- collaborate between the buyer and seller to develop the proposal
- combine the knowledge and experience of participants to address complexities and unknowns within the project.

<sup>9</sup> 'Introduction to Project Alliancing (on engineering & construction projects)', Jim Ross, April 2003 update.

For the Torrens to Torrens Project DPTI has formed an alliance agreement with CPB Contractors and York Civil (construction non-owner participants) and Aurecon Australasia (designer non-owner participant) to deliver the works. A Project Alliance Agreement governs the relationship between the participants.

## 5.2 Findings

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### 5.2.1 Weaknesses identified in governance committees and groups

#### Recommendation

DPTI, as the key infrastructure delivery agency for the State, should ensure that strong governance processes are in place and evidenced to deliver projects in line with approved plans. To do this DPTI should:

- finalise terms of reference for all governance groups and committees by obtaining approval from the Chief Executive or delegate. This will evidence that the terms are in line with departmental expectations of the governance group
- ensure that projects are considered regularly by the governance groups and committees so that they can effectively contribute to the governance of the project. This would be evidenced through agendas and meeting minutes
- monitor governance groups and committees to ensure they operate in line with their approved terms of reference.

#### Finding

We considered the Torrens to Torrens Project from the time of business case submission to the Commonwealth (August 2012) to the current point of the project. Over this time there were numerous changes to the governance structure through the formation of various governance committees and groups.

We observed that governance over the Torrens to Torrens Project by these committees and groups has been weakened by the following issues:

- terms of reference for some groups were unsigned, indicating that they were still in draft
- there was no evidence that some committees and groups were fulfilling the purpose set out in their terms of reference
- there was no evidence of oversight over earlier groups and committees to ensure they met their objectives
- in later groups there was little evidence of regular, ongoing review of the Torrens to Torrens Project in line with their stated purpose. Discussions about the Torrens to Torrens Project were limited to specific issues arising.

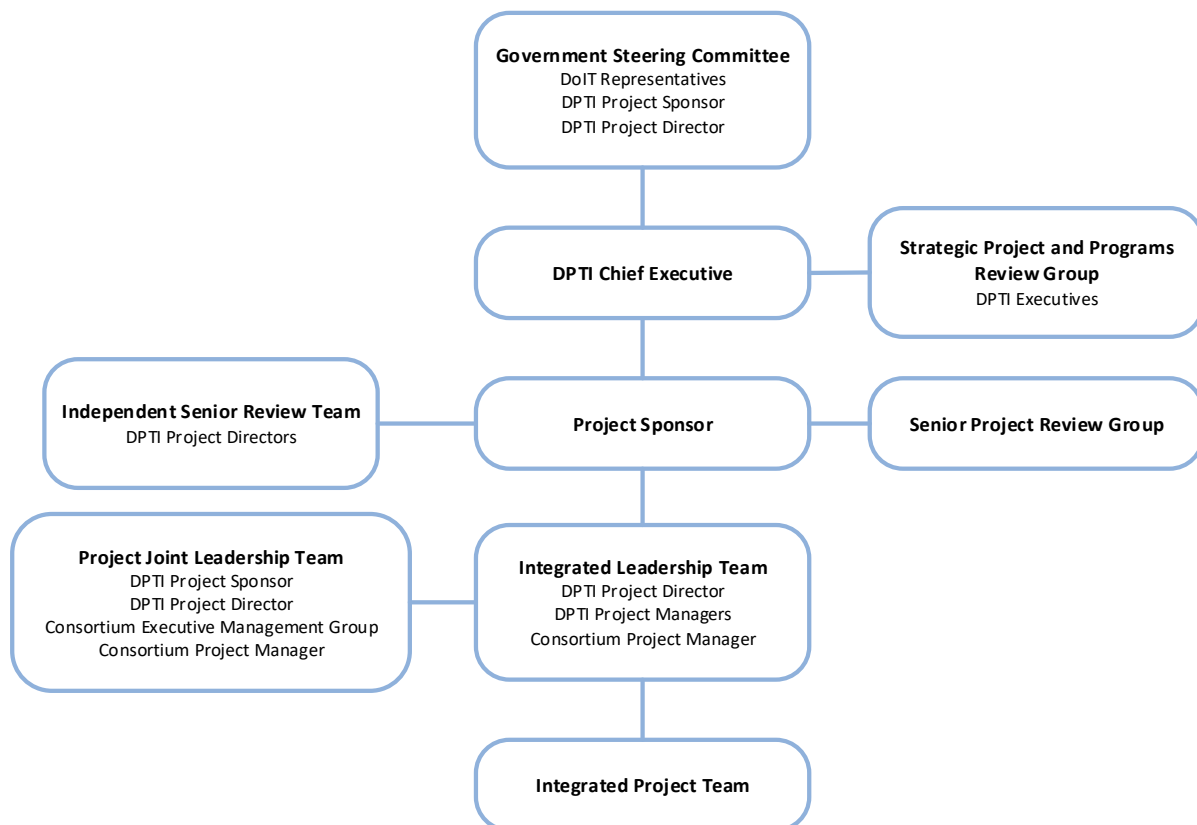
These issues are discussed in more detail below.

Key senior DPTI staff have had a consistent and important involvement in the governance over the Torrens to Torrens project.

*Lack of evidence that the governance structure advised to the Commonwealth was fully established*

Governance structures were established for north-south corridor projects within DPTI through various steering committees and review groups. The governance structure advised to the Commonwealth in the business case for the Torrens to Torrens Project is shown in figure 5.2.

**Figure 5.2: Governance structure advised to the Commonwealth**



It was not evident that this governance structure was fully established and operating effectively. More specifically:

- terms of reference or meeting minutes for the Government Steering Committee, which includes representation from the Commonwealth, could not be located
- terms of reference for most groups and committees were in draft and had not been signed by the Chief Executive
- meeting minutes or notes did not provide evidence that the groups and committees were operating in line with their unsigned terms of reference. For example, one of the responsibilities of the Strategic Project and Programs Review Group was to monitor the achievement of program, scope, objectives and financial performance. We could not see that this was occurring from the items recorded in the meeting minutes

- there was no evidence of a central monitoring function that ensured that all of these groups and committees were functioning in line with their terms of reference.

Since 2012, DPTI has undergone significant change through changes in leadership, departmental restructure and numerous staff movements. Consequently, the originally advised governance structures have been changed or replaced with DPTI's new arrangements and governance requirements.

The groups in figure 5.2, with the exception of the Government Steering Committee, have ceased operation and have been replaced with new committees for project oversight. These are discussed further below.

*The Portfolio Management Committee had minimal role in oversight of the Torrens to Torrens Project*

The Portfolio Management Committee was established in October 2014 to ensure that DPTI manages the delivery of projects, operational functions and investing projects in line with governance frameworks, timeframes and budgets. In January 2016 the terms of reference for this committee were amended and the new role of the committee was to provide a forum to discuss DPTI programs and operations, prioritise funds and manage risks where necessary to maximise the delivery of benefits that support the SA Government's strategic objectives.

Our review of Portfolio Management Committee minutes from October 2014 to August 2016 identified that the Torrens to Torrens Project had only been discussed three times:

- April 2015: presentation on the procurement strategies used for the Torrens to Torrens and Adelaide O-Bahn projects.
- October 2015: a summary update which included key issues for the Torrens to Torrens Project.
- November 2015: the Committee noted that a draft Cabinet submission had been prepared that considered the impacts on the 2015-16 forecast for the Torrens to Torrens and other projects.

Given the limited involvement of the Committee in providing oversight or decision-making for the Torrens to Torrens Project, there was little evidence that this group provided effective governance input.

*The North-South Corridor Project Governance Committee was effective*

The North-South Corridor Project Governance Committee was established in October 2015. Its purpose included ensuring that projects are effectively managed and meet appropriate accountability and prudential management requirements. The draft terms of reference for this Committee were not approved by the DPTI Chief Executive.

The North-South Corridor Project Governance Committee met eight times between October 2015 and April 2016 and discussed the Torrens to Torrens Project regularly. The matters considered by the Committee included:

- expansion of the project scope
- land acquisitions
- traffic diversion arrangements
- proposed changes to the Intelligent Transport System.

The meeting minutes demonstrated that the North-South Corridor Project Governance Committee was acting consistently within its stated purpose by being involved in the decision-making and monitoring of the Torrens to Torrens Project.

*The Category 1 High Value, High Risk Project Steering Committee has had limited oversight of the Torrens to Torrens Project*

In July 2016 the Category 1 High Value, High Risk Project Steering Committee was established and replaced the North-South Corridor Project Governance Committee. The Committee meets at least monthly and is responsible for providing governance oversight and decisions to projects that have been categorised as over \$100 million and/or assessed as being a high non-financial risk. This includes the Torrens to Torrens Project, O-Bahn City Access Project and the Darlington Upgrade Project.

This role of the Committee is to:

- monitor and review the delivery performance, benefits realisation and compliance with relevant commitments and legislation
- consider, give guidance and make decisions on requests for changes to scope, benefits, budget, resources and/or schedule during the project life cycle
- review and remediate escalated issues and risks, and escalate to the Executive Group if a decision is not reached
- ensure effective governance and risk management frameworks are in place and being managed for the life of the project
- ensure appropriate resources are available and managed for projects and component projects.

The Torrens to Torrens Project has been discussed by this Committee twice between July 2016 and April 2017: once when a proposed project scope change was presented for consideration and then in relation to an overview of project savings relevant to all Category 1 projects.

With this limited amount of review and involvement with the Torrens to Torrens Project, there is little evidence that this Committee is providing the level of governance and oversight outlined in its terms of reference.



A key objective of governance is to make decisions efficiently, effectively and transparently. When governance is not functioning well these objectives may be compromised.

In the absence of active and continuous involvement and monitoring of a project, a governance committee will not be able to effectively contribute to its governance.

Lack of appropriate project governance within DPTI increases the risk that projects may not operate in line with the organisational frameworks and expectations and therefore may not deliver expected outcomes.

## 6 The Project Alliance Agreement

### What we found

The governance over the T2T Alliance performed by DPTI as owner of the project was weakened by:

- not promptly finalising key result areas for the project (referred to as the performance spectrum) that the T2T Alliance is measured against
- not establishing a project owner plan to ensure all obligations and requirements under the Project Alliance Agreement are monitored and appropriately actioned.

We also found instances of non-compliance with the Project Alliance Agreement:

- A meeting of the Alliance Leadership Team was held where a quorum was not achieved.
- The appointment of the Chair of the Alliance Leadership Team was not carried out in line with the requirement in the Project Alliance Agreement.

### What we recommended

For future projects the performance spectrum should be finalised during the alliance selection process and all performance measures included in the Project Alliance Agreement.

DPTI, as project owner, should establish a framework and plan to support its ongoing management of the Project Alliance Agreement, ensuring key objectives, governance, processes, resources and contract administration requirements are documented and reviewed.

DPTI, through the Alliance Leadership Team, should establish a monitoring mechanism to ensure that all accountabilities and responsibilities in the Alliance Management Framework are addressed.

### 6.1 Introduction

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The legal framework for the alliance is set out in the Project Alliance Agreement and its attachments and schedules. These documents make up the contractual agreement between the Commissioner of Highways and the non-owner participants to deliver the Torrens to Torrens Project.

This is the first time that DPTI has used a project alliance for a road construction project. The Project Alliance Agreement for the Torrens to Torrens Project is based on agreements previously used by VicRoads and the National Alliance Contracting Guidelines issued by the Department of Infrastructure and Regional Development.

Some of the key governance elements of the Project Alliance Agreement and their relevance to the alliance arrangements are discussed below.

### 6.1.1 The Project Alliance Agreement

The Project Alliance Agreement includes the alliance purpose, principles and objectives and sets out requirements and obligations for all of the parties to the agreement. DPTI has obligations as the owner participant in the alliance and as the owner of the project (recognised as the Commissioner of Highways in the agreement).

### 6.1.2 The Alliance Management Framework

The Alliance Management Framework is an attachment to the Project Alliance Agreement. This key contract document sets out the requirement for the alliance participants to establish an Alliance Leadership Team for the strategic leadership and direction of the alliance. The terms of reference for the Alliance Leadership Team are included in this framework.

The framework also establishes key responsibilities and accountabilities for the following leadership groups and officers within the alliance:

- Alliance Leadership Team
- Alliance General Manager
- Alliance Management Team.

### 6.1.3 The Commercial Framework

The Commercial Framework is attached to the Project Alliance Agreement. The Commercial Framework is the key document that:

- aligns the commercial objectives of the non-owner participants with the project objectives of the Commissioner of Highways
- should encourage non-owner participants to achieve the performance levels required by the Commissioner of Highways.

The Commercial Framework establishes payment arrangements and sets out the method of calculating the component of payment that relates to performance.

### 6.1.4 The performance spectrum

The performance spectrum establishes the Commissioner of Highways' non-price objectives for the project as key result areas. Non-owner participants in the alliance can receive additional payments where they perform above the agreed standards of performance.

The performance spectrum establishes key performance indicators for each of the key result areas and establishes how the performance of the non-owner participants will be measured against them.

## 6.2 Findings

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### 6.2.1 Specific areas where the Alliance Leadership Team has not operated in line with the Alliance Management Framework or adopted good practice

#### Recommendation

DPTI, through the Alliance Leadership Team, should establish a monitoring mechanism to ensure that all accountabilities and responsibilities for the Alliance Leadership Team are addressed. A register or similar document that records how they are being addressed would achieve this.

Where practices, for practical purposes, depart from the Project Alliance Agreement, all participants should document their agreement to the change before it is implemented.

#### Finding

The terms of reference for the Alliance Leadership Team are set out in the Alliance Management Framework along with this team's accountabilities and responsibilities.

In most areas the Alliance Leadership Team is operating in line with the Alliance Management Framework and within the assigned accountabilities and responsibilities. We did note, however, the following matters:

- A meeting was held where a quorum was not achieved. Review of the meeting minutes revealed that there was no acknowledgement that a quorum had not been achieved and decisions were made and actions recorded as with other meetings. The Alliance Management Framework establishes that a quorum must consist of at least two representatives appointed by DPTI and one representative appointed by each non-owner participant to ensure that there is fair representation from all participants when making decisions for the T2T Alliance.
- The appointment of the Chair of the Alliance Leadership Team was not carried out in line with the Alliance Management Framework. The framework states that the Commissioner of Highways will appoint one of its representatives to be the Chair. The Alliance Leadership Team appointed a chair from within the team and then engaged an independent person to be Chair for a period of time.
- Meeting minutes were not being signed to record the final accepted copy. Although this was not a requirement of the terms of reference for the Alliance Leadership Team, it made it difficult to ensure that the final copy was accepted by the members as a true and complete record of the meeting held. For example, we were provided with two different versions of the minutes for one meeting. DPTI has now changed its practice to have the Chair and a DPTI Alliance Leadership Team representative sign the final accepted copy of the minutes.

- The table of accountabilities and responsibilities in the Alliance Management Framework contains 35 tasks that the Alliance Leadership Team is required to do. DPTI provided documentation to demonstrate that each task had been addressed in some way. However, there was no evidence of monitoring to ensure that all tasks in the framework have been addressed.

At the time of this Report, DPTI had drafted amendments to the Alliance Management Framework that were awaiting sign-off by all participants. The changes include:

- reducing the requirement from two to one DPTI representative to be present at a meeting to form a quorum
- the Chair of the Alliance Leadership Team being appointed by the team, as either an independent chair or someone from within the Alliance Leadership Team
- distribution of previous meeting minutes two to three days before the next meeting, with any objections to them minuted in that meeting

The Alliance Management Framework documents the terms, responsibilities and accountabilities of the Alliance Management Team that have been agreed to by all alliance participants.

Where the terms of reference are not followed, there is a risk of contract non-compliance and the weakening of the governance structure for the T2T Alliance.

In the absence of a mechanism to record how responsibilities and accountabilities are being addressed the risk increases that all required tasks are not completed.

## 6.2.2 Performance measures were not finalised promptly

### Recommendation

For future projects the reward regime should be developed and finalised during the selection process and included in the Project Alliance Agreement.

### Finding

The performance spectrum for the T2T Alliance was not signed off by the Commissioner of Highways until September 2016, more than one year after the Alliance was formed.

During the project procurement the performance spectrum was developed in consultation with the proponents, with a number of areas needing to be finalised after the contract was awarded. This updated performance spectrum was to be completed within one month of the contract being executed, as stated in the incomplete performance spectrum included in the Project Alliance Agreement.

Alliance contracting is a method of delivering infrastructure projects where an owner/buyer works collaboratively with the constructors. For the T2T Alliance DPTI is the owner partner and CPB Contractors, York Civil and Aurecon Australasia are the non-owner partners to the Project Alliance Agreement.

Remuneration under the Project Alliance Agreement is determined in three parts:

- reimbursable costs: costs and expenses directly incurred in performing alliance activities
- fee: covers non-owner's profit margin plus an amount for corporate overhead
- gainshare/painshare regime: a performance adjustment that may be positive or negative and is determined by comparing actual and target performance in both cost and non-cost areas.

The gainshare/painshare regime depends on an assessment of the alliance's performance against an established set of key result areas and a key performance indicator performance spectrum.

The reward regime is established to drive the behaviours and outcomes that are important to DPTI and the State in the delivery of this project. By not having the performance indicators finalised at the start of the Alliance, an opportunity was missed to embed the desired behaviours early in the project. This may increase the risk that the behaviours and outcomes required for successful delivery of the project are not optimised.

### 6.2.3 No process in place to ensure that requirements of the Project Alliance Agreement are addressed by the project owner

#### Recommendation

DPTI should implement a framework and plan to support its ongoing management of the Project Alliance Agreement, ensuring key objectives, governance, processes, resources and contract administration requirements are documented and reviewed. This would help DPTI to meet its governance responsibilities as project owner and without replicating the detailed processes that the T2T Alliance implements to deliver the project.

#### Finding

The Project Alliance Agreement is the contract that establishes the alliance governance structure and defines the obligations of the participants.

A formal plan would commonly be expected for complex, high value procurements to manage risks and ensure that specific objectives of the contract arrangements will be delivered. The State Procurement Board Guidelines recommend that a contract management plan be established as an important contract management tool.<sup>10</sup>

We found there was no central register of contract requirements or documented approach to ensure that DPTI is actively mapping, actioning and monitoring its obligations as project owner under the Agreement.

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<sup>10</sup> State Procurement Board Guidelines apply to the purchase of goods and services, however principles of best practice are applicable to all procurement activities.

Alliance contracting has some significant differences to traditional forms of contracting, including a more collaborative approach between DPTI and the private sector. A key difference is that DPTI has a role as project owner and also as an alliance participant.

As owner of the project, DPTI must have strong processes to monitor the project alliance agreement and the obligations of all parties involved.

In the absence of a structured and documented approach to ensuring that all requirements under the Project Alliance Agreement are addressed, there is an increased risk that these requirements will not be met and the full benefits of the contract will not be achieved.

This approach would also help DPTI to identify issues and learnings for the current and future alliance contracts.

#### 6.2.4 Succession planning for Department of Planning, Transport and Infrastructure's Alliance Leadership Team representatives

##### Audit observation

DPTI acted to mitigate the risk of not being able to sustain its role in the Alliance Leadership Team by appointing the Chief Corporate Officer as a reserve member. This has not only mitigated a potential risk to DPTI but has potentially improved the ability of the Executive to monitor the delivery of this project through the alliance arrangement.

##### Finding

Detailed knowledge and involvement in the T2T Alliance has been limited to a small number of employees within DPTI. Good governance requires that all people involved will have detailed knowledge of the fundamentals of alliancing and the project objectives, deliverables and commercial/legal arrangements.

The Chief Operating Officer is the Commissioner of Highways' representative for the T2T Alliance. The General Manager, Investment Services and the Manager, Project Delivery (now General Manager Infrastructure Delivery) are the Commissioner of Highways' nominated members of the Alliance Leadership Team.

During our review, we queried what plans had been established to ensure that DPTI could continue its involvement in the alliance in the absence of these staff members. It was evident at that time that there was no succession planning established to ensure continuity of DPTI's involvement in the alliance.

In December 2016 the Alliance Leadership Team accepted that a reserve member could be nominated by each party. The Chief Corporate Officer is now established as DPTI's reserve member of the Alliance Leadership Team. Training on alliance contracting was provided to the Chief Corporate Officer along with the opportunity to observe a number of Alliance Leadership Team meetings to equip this officer with an understanding of the arrangements in place.

## 7 Risk management

### What we found

There was no evidence that DPTI has implemented ongoing risk identification and analysis for the Torrens to Torrens Project as owner.

We also found that:

- the risk register maintained by DPTI before the T2T Alliance was formed was incomplete
- risks reported monthly to the DPTI Portfolio Management Office were not consistent with the risks identified monthly by the T2T Alliance.

Within the T2T Alliance we found that operational and project delivery risks were being actively identified, recorded and managed but risk treatments and monitoring activities were not always detailed in the risk register. We also found that risk management tasks were not specifically allocated to staff through the Alliance Management Framework.

### What we recommended

DPTI should identify and assess risks for the Torrens to Torrens Project for broader owner and alliance contract risks that are not covered in the risk register maintained by the T2T Alliance.

Key risks for the Torrens to Torrens Project identified by the T2T Alliance should be reported to DPTI through the current Portfolio Management Office reporting tool, along with any additional project owner risks that may be identified.

The risk register for DPTI projects should be complete with risk assessments, control actions, risk treatments and assignment of actions to facilitate adequate risk management and monitoring.

We recommended the following improvements for the T2T Alliance risk management process:

- include risk management tasks in the responsibilities and accountabilities assigned to the leadership groups in the Alliance Management Framework
- include in the risk register evidence that risks are being managed and monitored by summarising outcomes of risk discussions and decisions made at monthly Alliance Leadership Team meetings.



## 7.1 Introduction

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### 7.1.1 Risk management within alliance contracts

Alliance agreements are based on joint management of risks and opportunities for project delivery. This is unlike other forms of contracts where the allocation of risk or project delivery uncertainty to the contractor is built into contract terms and the price of the works to be delivered.

However, not all risks associated with the Torrens to Torrens project will be shared with the alliance partners.

National guidelines acknowledge that alliance contracting 'is a complex commercial transaction' and that when undertaking alliance contracts 'the owner is exposed to project risks that it would normally transfer to another party' under other contracting forms.<sup>11</sup> For example, DPTI needs to ensure that payments to the alliance are in line with the established commercial framework and that the scope of the works is not adjusted to achieve completion of the project within the estimated turn-out cost. A further risk that may arise from forming the alliance is the public perception that the government is not working at arm's length with the private sector and therefore is not receiving value for money in the delivery of the project.

DPTI is the agency accountable for delivering the Torrens to Torrens Project as defined in the business case submitted to the Commonwealth. Responsibility for achieving this outcome in an efficient, effective and accountable way requires ongoing effective risk management both internal and external to the alliance.

### 7.1.2 Risk management within the Department of Planning, Transport and Infrastructure

DPTI has a risk management policy and framework that outlines the risk management responsibilities, outputs and assessment criteria (risk assessment matrix) required to identify, analyse, evaluate, record, monitor, treat and report risks across the Department. This updated policy was implemented in October 2016.

A register of risks for the Torrens to Torrens Project was established before the procurement process for the alliance (expressions of interest closed in September 2014). The risk register was further developed as part of the bid development in the competitive alliance procurement.

### 7.1.3 Risk management within the T2T Alliance

The Project Alliance Agreement includes DPTI's 'Value for Money Statement' which has a section on project risks and risk management.

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<sup>11</sup> 'National Alliance Contracting Guidelines. Guide to Alliance Contracting', Department of Infrastructure and Regional Development, September 2015, p. 2 and 16.

The Value for Money Statement is DPTI's statement of the project objectives and requirements, which all the alliance participants will be working collaboratively to achieve. It includes project risks and risk management, and states that the risk register developed by DPTI was further developed by the Alliance during the procurement phase. It also states that this risk register will require ongoing review and monitoring, and that mitigation plans will be implemented to manage risks over the life of the Alliance.

## 7.2 Findings

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### 7.2.1 No separate project risk assessments and reviews performed by the Department of Planning, Transport and Infrastructure as the project owner

#### Recommendation

DPTI should identify and assess risks for the Torrens to Torrens Project for broader owner and alliance contract risks that are not covered in the risk register maintained by the T2T Alliance. Risks and associated treatment plans should be recorded as required by DPTI's risk management policy.

#### Finding

A risk register was prepared for the project before the T2T Alliance was formed. It was provided to the T2T Alliance as part of the procurement process and is maintained by the Alliance. The register covers detailed operational and delivery risks managed by the T2T Alliance.

We could not find evidence that DPTI has implemented its own ongoing risk identification and analysis for the Torrens to Torrens Project as project owner.

We confirmed that the risk and opportunity register for the project is being actively maintained and reviewed by the T2T Alliance, however this does not remove the need for DPTI to identify and manage risks that are specific to DPTI as project owner. For example, the first time adoption of an alliance contract exposes DPTI to risks that are new and unique to this method of delivery.

DPTI's risk management policy requires registers of strategic and operational risks and associated treatment plans to be established and recorded in its departmental risk register 'OrgRisk'. We could not locate any risks in OrgRisk that relate to the T2T Alliance or the Torrens to Torrens Project.

Undertaking something new or different creates uncertainty and has the potential to create both negative and positive impacts for DPTI and the SA Government.

Failure to rigorously identify and assess risks and the associated impacts of those risks from the perspective of DPTI as project owner reduces its ability to foresee, prevent or quickly adapt to events that may impact the success of the project.

## 7.2.2 Risk registers did not contain complete information for identified risks

### Recommendation

The risk register for DPTI projects should be complete with risk assessments, control actions, risk treatments and assignment of actions to facilitate adequate risk management monitoring by management and governance groups.

The risk register for the T2T Alliance should include evidence that risks are being managed by including a summary of risk issues and outcomes discussed at the Alliance Leadership Team monthly meetings.

### Finding

#### *Risk register developed by DPTI before forming the T2T Alliance*

We found that the risk register for the Torrens to Torrens Project maintained by DPTI before the T2T Alliance was formed contained an extensive listing of possible risks. This was the only risk register maintained for the project before the alliance was formed. However, the risk register was incomplete as:

- not all risks were ranked
- not all risks or control actions were assigned to an owner
- control measures had not been assigned against many risks
- residual risks after consideration of control measures had not been assessed for most of the identified risks
- there was no record of monitoring performed for many of the recorded risks.

#### *Risk and opportunity register maintained by the T2T Alliance*

The risk and opportunity register maintained by the T2T Alliance includes risk assessments and risk rankings, and assigns controls to individual staff members within the T2T Alliance. However, the register did not record risk treatments or status monitoring for all risks. We were advised that the Alliance Leadership Team receives verbal reports on monitoring and current mitigation strategies for specific identified risks at the monthly Alliance Leadership Team Meetings.

The risk register is a key source of information for ensuring that risks have been identified and appropriately assessed, and that reasonable actions are being taken to control or mitigate the identified risk. Where there is incomplete information in the risk register, management and those charged with governance will be unable to effectively monitor the risk management process for the project.

### 7.2.3 Project risk reporting to the Portfolio Management Office

#### Recommendation

Risks reported in the monthly project reports to DPTI's Portfolio Management Office should be aligned with project risks that have been recorded, assessed and reported in the most recent risk registers prepared by the T2T Alliance.

#### Finding

Project update reports are submitted to DPTI's Portfolio Management Office each month. These reports include a key risks table that categorises the identified risks as low, medium or high and includes some narrative on the risk description, treatment actions and comments.

We found that three risks were reported consistently for the Torrens to Torrens Project:

- utility service relocations
- noise wall installations
- the impact on South Road and the surrounding road network during construction.

DPTI advised that the key risks table only allows three risks to be included in the report.

These risks were in the risk register provided to the T2T Alliance. They were not, however, consistent with the top risks identified each month in the project risk register updated and maintained by the T2T Alliance.

The monthly reports provided to the Portfolio Management Office may not have accurately represented the highest priority risks for the project. If risks are not accurately reported to management and those charged with governance responsibilities, they may not be able to foresee, prevent or adequately manage the impact of an adverse event.

### 7.2.4 Assigning risk management responsibilities within the T2T Alliance

#### Recommendation

Risk management tasks should be included in the roles and responsibilities assigned to the leadership groups in the T2T Alliance.

For example, the Alliance Management Team may have responsibility for identifying, recording and assessing risks and associated risk treatments or mitigating controls while the Alliance General Manager is expected to monitor the risk register and ensure that assessments and proposed treatments are reasonable.

## Finding

The Alliance Management Framework in the Project Alliance Agreement includes accountabilities and responsibilities for the Alliance Leadership Team, the Alliance General Manager and the Alliance Management Team.

Risk management is not assigned in the accountabilities and responsibilities for any of the leadership groups.

The Project Alliance Agreement requires the Alliance General Manager to report on risk management performance. However, no other components of risk management, such as risk identification or maintenance of the risk register, are allocated through the Agreement.

The standard on risk management AS/NZS ISO 31000:2009 'Risk Management – Principles and Guidelines' identifies accountability for managing risk as one of the necessary components of a risk management framework.

Despite the lack of allocated responsibility, the alliance risk and opportunity register is regularly updated and is provided to the Alliance Leadership Team as part of the Alliance General Manager's monthly report.

Failure to clearly assign responsibilities and accountabilities for the identification, recording, assessment and management of risks increases the likelihood of risks not being identified, properly assessed and appropriately managed.

## 8 Managing and disclosing conflicts of interest

### What we found

Neither DPTI or the T2T Alliance had established appropriate mechanisms to identify, disclose and manage potential and actual conflicts of interest or financial rewards for employee performance. We found that:

- only half of the T2T Alliance staff had received code of conduct training (which covers conflicts of interest) more than a year after the alliance was formed
- Alliance Leadership Team meeting minutes did not contain any evidence that conflicts of interest were discussed until October 2016 (the 18th meeting) which was after our enquiries about managing conflicts of interest
- receipt of gifts and benefits recorded for DPTI staff by the T2T Alliance were not captured by DPTI
- DPTI staff had accepted hospitality from private sector companies without obtaining approval from the DPTI Chief Executive as required by DPTI policy
- DPTI staff working within the T2T Alliance were entitled to earn low value financial rewards without any clear guidance on when this is appropriate.

### What we recommended

Code of conduct training should be provided to all T2T Alliance staff.

The Commissioner of Highways should consider obtaining conflict of interest declarations from members of the Alliance Leadership Team and Alliance Management Team as permitted under the Project Alliance Agreement.

DPTI's policies and procedures for receiving gifts and benefits and giving recognition and rewards should be reviewed and updated to establish clear responsibility and accountability requirements to help manage actual and potential conflicts of interest.

### 8.1 Introduction

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The T2T Alliance and DPTI have separate policies, procedures and protocols for managing conflicts of interest.

The public expects high standards of accountability, particularly where significant public resources are committed to a project. The collaborative nature of the alliance arrangement, where public sector employees are working closely with the private sector, has the potential to increase the risk of perceived or actual conflicts of interest if they are not properly managed.

The Code of Ethics for the South Australian Public Sector states that ‘employees must exhibit the highest standards of professional conduct in order to maintain the integrity of the South Australian Public Sector’.

The high expectation for professional conduct and risks implicit in a new contracting model reinforces the need for strong and consistent policies and procedures across DPTI and the T2T Alliance.

## 8.2 Findings

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### 8.2.1 Code of ethics training not provided to all T2T Alliance staff and low record rates noted for conflicts of interest and receipt of gifts

#### Recommendation

DPTI should ensure that adequate training and leadership is provided to T2T Alliance staff so that conflicts of interest are understood and recorded.

The Project Alliance Agreement requires each representative appointed to the Alliance Leadership Team and Alliance Management Team to execute a conflict of interest declaration if requested by the Commissioner of Highways. DPTI should consider obtaining these declarations annually to ensure that actual and potential conflicts of interest can be captured and managed.

#### Finding

The T2T Alliance has adopted the CIMIC (parent company of non-owner participant CPB Contractors) code of conduct to set the standards of behaviour expected from employees. Conflicts of interest are included in the code and are discussed with T2T Alliance employees as part of code of ethics training.

As at September 2016, more than a year after the T2T Alliance was formed, about half of the staff had received code of ethics training.

We noted that there was nothing recorded in the conflict of interest register and 19 entries in the gifts register for 2015-16. The benefits recorded all related to hospitality accepted and ranged in value from \$100 to \$150. They were declared by various T2T Alliance staff ranging from supervisors and engineers to the Alliance General Manager and a member of the Alliance Leadership Team. All entries in the gifts register were from March 2016 to June 2016.

In addition, review of the Alliance Leadership Team meeting minutes revealed that conflicts of interest had not been discussed (or were not recorded as discussed) at meetings until October 2016.

If staff do not receive adequate, timely training, there is an increased risk that staff may allow personal or financial interests to influence them in the conduct of their role. Lack of leadership example and encouragement in discussing conflicts of interest may foster a culture of acceptance.

## 8.2.2 Gifts and benefits recorded in the T2T Alliance register were not captured in Department of Planning, Transport and Infrastructure records

### Recommendation

The General Manager Infrastructure Delivery implemented a register of gifts and benefits in July 2016. This register helps DPTI to provide adequate control over real or potential conflicts of interest and should be a requirement of the gifts and benefits policy.

### Finding

DPTI employees are bound by the Code of Ethics for the South Australian Public Sector and DPTI policies, even when they are working as part of the T2T Alliance. DPTI's gifts and benefits policy reflects the requirement of the code of ethics in stating that employees should not accept gifts, benefits or favours where they may influence, or may reasonably be seen to influence, decision making.

We noted that some DPTI staff had recorded benefits they had received in the T2T Alliance register but there was no corresponding DPTI register to capture this information.

A register of gifts and benefits commenced in DPTI from July 2016, after our enquiries.

Where the DPTI policy does not specify what records should be maintained to capture and notify gifts and benefits received, there is an increased likelihood that actions will not be adopted consistently across the Department. This may lead to gifts and benefits received by employees not being captured or notified to the Chief Executive in line with the policy.

## 8.2.3 Department of Planning, Transport and Infrastructure employees accepting hospitality

### Recommendation

DPTI should:

- review the gifts and benefits policy to ensure it helps DPTI meet the standards expected under the Code of Ethics for the South Australian Public Sector
- ensure that all staff understand the policy
- introduce mechanisms to ensure that the policy is being applied across DPTI.

### Finding

The T2T Alliance gift register records entries for DPTI staff working in the T2T Alliance who have attended events hosted by various private sector companies who have contracts with DPTI or the SA Government. There were only a small number of instances in the register (less than 10) and they were valued at less than \$200 per event.

DPTI's gifts and benefits policy requires staff to obtain approval from the Chief Executive (or



delegate) to participate when invited to events or business functions hosted by businesses with an approved contract for service with DPTI or the SA Government.

We could not find any documented approvals for attendance at such events.

The Infrastructure Delivery division of DPTI operated on the basis that permission was only required for hospitality above an estimated threshold value of \$200. The policy requires the Chief Executive to be notified if gifts are received in excess of \$200, but the section of the policy on receiving hospitality does not apply a threshold value.

Acceptance of hospitality from contractors engaged by DPTI, regardless of the value, can give rise to the perception that a DPTI employee is not impartial in carrying out their duties.

There is significant potential for DPTI employees to be reasonably perceived as being influenced in the performance of their duties when accepting hospitality from private sector entities that are engaged in business or will potentially be engaged in business with the SA Government.

#### 8.2.4 Department of Planning, Transport and Infrastructure employees working in the T2T Alliance are entitled to earn low value rewards

##### Recommendation

Clear guidance should be provided in DPTI's recognition and reward policy to assess the issue of financial rewards for the particular circumstances.

##### Finding

DPTI staff working within the T2T Alliance have the opportunity to earn low value financial rewards in recognition of work performed. DPTI's recognition and reward policy acknowledges that financial rewards are generally not appropriate in the public sector, but it does not directly prohibit rewards.

The Reward and Recognition Good Practice Guide for South Australian Public Sector Managers issued by the Office for the Public Sector discusses ways in which public sector employees can be recognised and rewarded. It notes that remuneration rewards are not always the best way to reward employees.

Both the DPTI policy and the good practice guide acknowledge that providing financial rewards is generally not appropriate in the public sector but they do not prohibit the practice. DPTI's policy does not provide guidance on the limited circumstances where it may be considered appropriate to provide financial rewards to employees.

Without clear guidance on the circumstances where providing financial rewards to employees may be considered appropriate, the policy may be applied inconsistently across DPTI. This may lead to:

- the perception that employees may be influenced in performing their duties
- employees receiving benefits beyond their entitlement for carrying out their duties, which may not be considered to represent the best use of public money.

## 9 Managing approvals and delegations of authority

### What we found

There were delays in submitting documentation and obtaining approval from the Commissioner of Highways for some events and changes as required under the Project Alliance Agreement. This resulted in some instances of work starting before it was approved and other actions not being carried out in line with the Project Alliance Agreement.

We also found that the delegations of authority issued by the T2T Alliance were not authorised by the Alliance Leadership Team until eight months after the alliance started.

### What we recommended

Approval from the Commissioner of Highways should be obtained and documented before changes are implemented or costs are incurred.

The assignment of roles and responsibilities through delegations should be documented and approved promptly. Any changes to the delegations should also be approved and documented.

### 9.1 Introduction

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Delegations of authority are necessary for the efficient and effective operation of organisations. Documented delegations of authority provide employees with clarity about their roles, responsibilities and limits.

The Project Alliance Agreement establishes the approval and authority regime for the T2T Alliance.

The Alliance Leadership Team is the overarching decision-making group for the T2T Alliance. A responsibility assigned to the Alliance Leadership Team under the Alliance Management Framework is to approve limits of delegation and authority for the Alliance General Manager and the Alliance Management Team.

Determination or approval of certain specific items is reserved for the Commissioner of Highways under the Project Alliance Agreement. Examples of events and changes that require the Commissioner of Highways' approval include:

- variations to the scope of the works
- changes to certain personnel appointments
- adjustment events, for example a change of law, or change to the scope of works requested by the Commissioner which is over an established threshold value.

DPTI and the T2T Alliance have developed Commissioner's Approval Requests to submit matters requiring the Commissioner's decision and record approval. These usually provide an overview of the reason for the requested change along with any supporting documentation.

## 9.2 Findings

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### 9.2.1 Delays in obtaining documented approval for Commissioner's Approval Requests

#### Recommendation

The use of Commissioner's Approval Requests to submit changes and record approvals is a good governance tool for recording submissions and approvals. However, the Commissioner of Highways (or their representative) should approve changes before they are implemented or costs are incurred.

#### Finding

We identified that some Commissioner's Approval Requests were not made in a time frame to enable compliance with the Project Alliance Agreement. For other submissions there were long lead times between the proposal made to the Commissioner of Highways and approval being granted.

The delays in providing submissions and the long lead times to authorise the request by the Commissioner of Highways delegate resulted in:

- instances where work on the item to be approved started before approval was granted. For example, money was expended on amendments to the information technology systems before approval was granted
- two instances where an action was not carried out in line with the requirements of the Project Alliance Agreement. For example, the Project Alliance Agreement states that work cannot commence on site before management plans are approved by the Commissioner. These management plans were not authorised by the Commissioner until July 2016, well after work started.

The Project Alliance Agreement establishes that certain items require the Commissioner's approval as part of the overall governance of the project. Commencing action or incurring costs before the Commissioner has been provided with a detailed submission on the matter may undermine the ability of the Commissioner to make an objective decision and therefore undermines the governance structure established.

### 9.2.2 T2T Alliance delegations of authority were not authorised by the Alliance Leadership Team promptly

#### Recommendation

The Alliance Leadership Team is responsible for alliance governance and is accountable to

the Commissioner of Highways for the performance of the T2T Alliance. As such, it needs to assign roles and delegate authority and responsibilities to positions within the T2T Alliance by documented sign-off in a timely manner.

Any changes to the delegations should also be approved promptly by the Alliance Leadership Team.

## Finding

The Alliance Leadership Team is required to establish delegations of authority to the Alliance General Manager and the Alliance Management Team under their assigned accountabilities and responsibilities in the Alliance Management Framework.

The delegations of authority for the T2T Alliance were authorised by the Alliance Leadership Team in March 2016. This was eight months after the alliance commenced in June 2015.

Without documented authorisation of the delegations of authority there is no evidence that the responsibilities assigned to T2T Alliance staff were in line with the authority of the Alliance Leadership Team. This increases the risk that staff are making decisions and providing approvals beyond their level of responsibility, which may not be appropriate or result in the best project outcomes.

### 9.2.3 Department of Planning, Transport and Infrastructure financial delegations

## Recommendation

DPTI should Implement monitoring controls to ensure that DPTI staff working within the T2T Alliance cannot authorise payments to the alliance.

## Finding

The General Manager Infrastructure Delivery and General Manager Investment Services are members of the Alliance Leadership Team. As such they have delegations for the T2T Alliance and DPTI delegations to incur expenditure and authorise payments.

The T2T Alliance submits monthly claims for reimbursable costs to DPTI in line with the Commercial Framework established under the Project Alliance Agreement.

DPTI's financial delegations and authorisations provide significant payment authority to General Managers. Under the delegations, DPTI staff who are also members of the Alliance Leadership Team can approve reimbursement payments to the T2T Alliance.

These officers advised us they have not authorised payments to the Alliance.

If payment authority is used by DPTI staff to authorise payments to the T2T Alliance when they have exercised their Alliance delegation to incur the expenditure, inadequate segregation of duties may arise.

## 10 Managing land acquisitions

### What we found

We found that, for the sample of transactions we tested, the *Land Acquisition Act 1969* was complied with. We did, however, note that:

- policies and procedures we not completed and documented
- land acquisition documentation was not kept consistently on the acquisition files.

### What we recommended

Consolidated policies and procedures should be finalised for DPTI's Acquisition Services group that reflect the prescriptive nature of the *Land Acquisition Act 1969* and the level of broad guidance necessary to facilitate the acquisition process.

The policies and procedures should establish the required standard of documentation to be maintained for each acquisition file by including:

- specific documentation to be kept in acquisition files
- using a file completion checklist for all acquisitions which details the key process and documentation requirements
- a requirement to include all written notes of discussions and processes undertaken in person or by telephone in the acquisition file.

In addition, we recommended that DPTI document a file review process before finalising a transaction to ensure that all key requirements have been completed and adequately documented within the acquisition file.

### 10.1 Introduction

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DPTI has acquired numerous properties along the South Road corridor as part of the Torrens to Torrens Project. The expected expenditure for acquisitions, including all property related costs, is over \$100 million.

Section 20 of *The Highways Act 1926* gives the Commissioner of Highways the authority, subject to approval by the Minister, to acquire land by agreement or compulsory process for the purpose of present or future roadworks. It also requires the application of the *Land Acquisition Act 1969*, which prescribes specific actions by the acquiring authority to provide for the acquisition of land on just terms.

The *Land Acquisition Act 1969* is prescriptive in the process that must be followed for an authority to acquire land. Some of the key requirements and provisions deal with:

- giving notice of intention to acquire land

- the rights of interested parties to obtain explanations about the authority's requirement to acquire the land and to object to the acquisition
- giving notice of acquisition
- compensation
- obtaining entry into possession
- referring matters to court.

To fulfil the object and requirements of the *Land Acquisition Act 1969* DPTI has developed processes and practices to follow for acquisitions. A Property Acquisition Guide is provided to parties affected by acquisitions to explain the legislation and the acquisition processes followed by DPTI.

Acquisitions along South Road within the project area have taken place over a number of years. We noted that improvements have been made to the acquisition process over the life of the Torrens to Torrens Project. For example:

- improved clarity of information and instruction provided to affected parties
- the introduction of a review by the State Valuation Office to verify that independent valuations obtained by DPTI are in line with issued instructions and fit for purpose.

Our review focused exclusively on the area within the Torrens to Torrens Project boundary and whether DPTI followed the requirements of the legislation and any internally developed policies and procedures for acquisitions. We reviewed a sample of acquisition transactions.

## 10.2 Findings

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### 10.2.1 Policies and procedures for Acquisition Services were not finalised

#### Recommendation

Consolidated policies and procedures for DPTI's Acquisition Services group should be completed and documented as a matter of priority. The policies and procedures should reflect the prescriptive nature of the *Land Acquisition Act 1969* and the level of broad guidance necessary for staff to deal with varied circumstances in each acquisition.

#### Finding

Policies and procedures have not been completed and documented for DPTI's Acquisition Services group. At the time of our review, we were advised that Acquisition Services had started to develop updated policies and procedures.

We were provided with a policy and procedure manual, collated by the General Manager Property in 2015. It contains the DPTI Property Acquisition Guide and Fact Sheets that are available to the public, business process documents and some draft policy documents.

The *Land Acquisition Act 1969* establishes a framework with some specific requirements that must be followed when a government agency acquires land. To practically implement the legislation, DPTI has developed a number of processes and procedures over time that consider case law and the advice of the Crown Solicitor. Some of these processes and procedures are reflected in the Property Acquisition Guide and Fact Sheets, which are provided to affected parties at the start of the acquisition process. For example:

- affected parties are entitled to engage a qualified independent valuer of their choice to provide a valuation and DPTI will reimburse them the reasonable cost of obtaining this advice
- generally, a tenant required to move as a result of imminent acquisition will be entitled to compensation for costs of furniture removal and service disconnection/reconnection fees
- compensation for a business conducted from a property that is being wholly or partially acquired is determined by DPTI guidelines.

Acquisition Services staff also undertake numerous activities in an acquisition process that are not currently documented, including:

- getting certification from the State Valuation Office that independent valuations have been carried out in line with instructions
- conducting valuation conferences where there are differences between independent valuations obtained by DPTI and the property owner
- maintaining key documentation in relation to an acquisition
- obtaining internal reviews and approvals before an acquisition is settled.

Documented policies and procedures ensure that all Acquisition Services staff operate with the same knowledge of expectations and boundaries that have been decided by departmental Executive. Land acquisitions require sensitivity and equitable treatment of the people affected. This increases the importance of DPTI staff acting consistently and having clearly articulated rules, boundaries and guidance to operate within.

### 10.2.2 Some documentation for land acquisitions was not kept in the acquisition files

#### Recommendation

Standards and expectations for the documentation to be kept on an acquisition file should be established for staff through documented policies and procedures. This will help ensure that an adequate trail of the process followed and decisions made is maintained for each acquisition.

DPTI should include in the policies and procedures currently under development:

- requirements for the documentation to be kept in acquisition files
- the use of a key requirements completion checklist for all acquisition files
- including written notes of discussions and processes undertaken in person or by telephone in the acquisition file.

In addition, DPTI could implement a file review process, to be completed before settling an acquisition, to ensure that all key steps have been completed and are adequately documented in the acquisition file. This review would be performed by someone who was not directly involved in the acquisition.

## Finding

For the sample of acquisition transactions we reviewed, we found that the key legislative requirements were actioned and documented in acquisition files maintained for each property. However, we observed that the documentation maintained on these files, particularly for discussions or processes conducted in person or by telephone, varied. In some cases relevant documentation was not on the file but, on request, Acquisition Services staff were able to locate extra information or records.

In the absence of complete documentation, DPTI may not be able to clearly demonstrate the rationale and processes followed to arrive at an adequate level of compensation.

We also noted that a checklist was stored in some files listing the key requirements, when they were completed and whether the documentation was stored in the file. This is a useful tool to implement before all acquisitions are finalised as it will ensure that key requirements have been met and appropriate documentation exists within the file to support the final agreement reached between DPTI and the former property owner.

Land acquisitions are emotive and can have significant impact on the lives of the affected parties. The sensitive nature of these transactions increases the importance of having documentation that provides a complete record of the decisions made, the process undertaken with the affected parties and any approvals obtained.



# Appendix 1 – Torrens to Torrens Project: scope of work



Image courtesy of Department of Planning, Transport and Infrastructure

# Appendix 2 – Mapping T2T Project planning and approvals to TI 17 Evaluation Guidelines

<b>Phases prescribed in the Evaluation Guidelines*</b>	<b>DPTI documentation that addresses the requirements of the Evaluation Guidelines</b>
Phase 1: Identification and definition of the service	South Road Planning (Regency Park to Anzac Highway) Study completed November 2012
Phase 2: Identification of options to deliver the service(outline business case)	<ul style="list-style-type: none"> <li>• South Road Planning Study.</li> <li>• Submission to Infrastructure Australia: South Road Upgrade (Regency Road to River Torrens). August 2012.</li> <li>• Submission for Nation Building 2 Funding December 2012 - Staging Options Paper for the South Road Upgrade (Regency Road to River Torrens).</li> </ul>
Phase 3: Substantiating the project (prepare documentation to provide to Cabinet for decision making)	<ul style="list-style-type: none"> <li>• Submission to Infrastructure Australia: South Road Upgrade (Regency Road to River Torrens). August 2012.</li> <li>• Submission for Nation Building 2 Funding December 2012 - Staging Options Paper for the South Road Upgrade (Regency Road to River Torrens).</li> <li>• Project Proposal Report for North-South Corridor. Torrens Road to River Torrens Development Phase. Prepared for the Department of Infrastructure and Regional Development. April 2015.</li> <li>• Project Proposal Report for North-South Corridor. Torrens Road to River Torrens Delivery Phase. Prepared for the Department of Infrastructure and Regional Development. December 2015.</li> </ul>
Phase 4: Cabinet decision making – the determination of funding	<p>Cabinet made the following approvals before starting construction:</p> <ul style="list-style-type: none"> <li>• List of priority projects to submit to the Australian Department of Infrastructure and Transport for consideration. August 2012.</li> <li>• Signing the National Partnership Agreement on Land Transport Infrastructure Projects. October 2014.</li> <li>• Torrens Rd to River Torrens Project referral to the Parliamentary Public Works Committee. February 2015.</li> </ul>

\* Note that the Evaluation Guidelines were updated in 2014 to prescribe a gateway approach for the evaluation and approval of government initiatives.