

# State bungling blamed for IT blowouts (Victoria)

By Reid Sexton, State Political Reporter, The Age, November 24, 2011

Incompetence and poor practices in the Victorian public sector have been partly blamed for huge cost blowouts in information technology projects that have left taxpayers hundreds of millions of dollars poorer.

State Ombudsman George Brouwer, in a report tabled yesterday ([LINK](#)), has delivered a scathing assessment of 10 public sector information technology projects, including the notorious 'Myki' transport ticketing system and the Victoria Police database.

The report found that the estimated cost of delivering the 10 projects that he examined was a combined \$1.44 billion more than originally budgeted. It identified an array of problems with how state agencies developed business models for the projects under the former Labor government, and the way they were rolled out.

At the heart of the failures were inadequate accountability, planning and skill within the various agencies responsible for blowouts, such as the Transport Ticketing Authority. Victoria Police and the Health Department's patient management and finance application, Health SMART, will require \$600 million more than originally budgeted and have been delayed for years.

In the case of Health SMART, Mr Brouwer said there had been no business case, but a "high-level strategy document" and a 14-page implementation plan.

The report said it took four years for Victoria Police to realise that Link was underfunded by \$80 million, having based its costings on redeveloping the old system rather than replacing it.

Link was scrapped after \$59 million of public money was spent. The report also found that:

- Victoria Police will in 2017 still be using out-of-date "green screen" technology developed in 1992 because the force bungled the introduction of 'Link'.

- The consortium that won the contract to deliver ‘Myki’ was unique among six bidders for having never before delivered a similar project.
- VicRoads went ahead with its Registration and Licensing project despite receiving just \$115 million of the \$156 million that it requested for it. Mr Brouwer found no evidence that the Vic Roads project could have been carried out for the smaller amount. The project is in limbo and the \$52 million already spent is at risk of being wasted.

Other troubled projects cited by Mr Brouwer included the Housing Department's management system, the ‘Ultranet’ online education network for school students and the Justice Department's system to integrate court and tribunal IT.

Mr Brouwer said the problems fell into five broad categories: leadership, accountability and governance, planning, funding, probity and procurement and project management.

Among numerous accountability problems, he said government agencies had appointed inexperienced staff to handle projects, with disastrous results. More had to be done to recruit competent senior managers, Mr Brouwer said.

Another problem was the reluctance of agencies to hold those responsible for bumbles to account. Of all the significant failures examined, only those linked to “Myki” resulted in the departure of a senior officer.

He said that the Department of Treasury and Finance must take more interest in the delivery of IT projects. Its previous lack of oversight had been compounded by the reluctance of individual departmental heads to intervene when projects were failing.

In an apparent reference to ‘Myki’ and ‘Link’, Mr Brouwer recommended that agencies never again attempt to create custom-made systems unless sufficient risk mitigation has been done.

He said both the government and the opposition had exercised their right to withhold cabinet documents, including a review of ‘Myki’ this year, hampering his investigation.

Premier Ted Baillieu said he would consider all the report's recommendations. But he gave no indication there would be repercussions for public servants responsible for the blowouts and delays, instead saying it was entirely the fault of the previous government. "The blame for this waste and mismanagement lies squarely with the previous Labor government and Victorians made that known when they voted the Brumby government out of office in November last year."

Opposition leader Daniel Andrews said he accepted the report's findings. The Ombudsman's office was not available last night to answer questions from The Age about some apparent discrepancies in the report's figures.

**LISA Comment:** It appears the Department of Human Services (DHS) has avoided scrutiny by the Ombudsman over its bungled 'Thinclient' IT project (see LISA Forum). Nevertheless, it is interesting to see the Ombudsman says,

*"Government agencies had appointed inexperienced staff to handle projects, with disastrous results. More had to be done to recruit competent senior managers. The problems fell into five broad categories: leadership, accountability and governance, planning, funding, probity and procurement and project management".*

The Ombudsman went on to say, *"Previous lack of oversight had been compounded by the reluctance of individual departmental heads to intervene when projects were failing".*

The Ombudsman delivered a scathing assessment of electronic equipment, whereas all the above applies equally to DHS services for vulnerable people. In a nut shell – 'reactive' not 'proactive management'.

**LIFESTYLE IN SUPPORTED ACCOMMODATION (LISA) INC.**

**Tel: 03-9434-3810: Email: [info@lisainc.com.au](mailto:info@lisainc.com.au) or [vk3qq@optusnet.com.au](mailto:vk3qq@optusnet.com.au)**

**Web: [www.lisainc.com.au](http://www.lisainc.com.au) : [www.lisa-aus.blogspot.com](http://www.lisa-aus.blogspot.com)**

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