

Media Statement

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Auditor-General's Report: The Channel Deepening Project

The Port of Melbourne Corporation (the corporation) has to date effectively implemented its \$969 million channel deepening project as planned, says the Victorian **Auditor-General, Mr Des Pearson**.

In a report tabled today in Parliament, Mr Pearson says the corporation has effectively reported on and responded to environmental incidents in line with its environmental management plan.

Mr Pearson also concluded that the corporation had effectively managed the development process which led to the project's approval in early 2008 with a business case that:

- complied with the better practice guidelines for business case development and provided the government with the type and quality of information it needed to endorse the project
- included an environmental management plan that conformed to the environmental assessment process and was endorsed by ministers under state and Commonwealth environmental laws.

The project was complex, high risk and directly affected wide sections of the community.

There are lessons to be drawn from this project. Mr Pearson says: 'First, the proponent should complete the work required to be able to assure the government and the community that it has effective plans for managing the project risks. Second, projects of this nature require the coordinated support of government departments and agencies during their development.'

On both counts the project fell short in mid-2005. However, the subsequent assessment addressed these shortcomings, albeit at some cost in financial and reputation terms.

The report found that the corporation had followed sound procurement and contract processes. That included the alliance agreement for dredging the Port Phillip Heads and channels—the most technically and environmentally challenging part of the project.

To date the project has gone according to plan and is on track to come in on time and on budget by the end of December this year.

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The report is available on the office's website: <www.audit.vic.gov.au>

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