

Media Statement

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Auditor-General's Report: The New Royal Children's Hospital— a public private partnership

The \$1 billion public private partnership (PPP) to build the new Royal Children's Hospital was well planned, and is being well implemented, according to a report by the **Victorian Auditor-General, Mr Des Pearson**.

Mr Pearson's report, *The New Royal Children's Hospital—a public private partnership*, was tabled in Parliament today. Mr Pearson found that the private sector money raised for the project has been deposited in authorised investments, and is being used for the construction work being done by the private sector consortium.

'The recent downturn in global financial markets has not adversely affected the project's financing arrangements, but it has created uncertainty about the receipt of promised donations to the RCH Foundation of \$35 million by one of the original private sector parties,' Mr Pearson said.

Mr Pearson also said that 'the new hospital will have 50 more beds than the existing hospital and the Department of Human Services has demonstrated that this, together with the flexibility in the design of the new hospital, should be able to handle currently projected increases in service demand.'

'The construction schedule for the new hospital is on target and the project remains on track for the 21 September 2011 technical completion milestone', Mr Pearson said.

'The results of this audit were consistent with our recent audits of the planning and construction phases of PPP projects and point to a mature PPP model in Victoria,' Mr Pearson said. 'The ongoing challenge is to deliver the anticipated value for money and other public benefits over the life of a lengthy contract.'

'The Department of Human Services should complete the development of its contract management systems and processes for the new hospital. This will further assure effective management of project risks on behalf of the state, as well as delivery of the expected levels of service by the private sector,' Mr Pearson said.

Mr Pearson's audit report makes seven recommendations to help improve strategic planning and financial modelling processes, speed up the implementation of a paediatric clinical network, and improve contract and project management.

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This report can be downloaded from: <http://www.audit.vic.gov.au>

For further information:

Steve Williams, Manager, Reports and Communications

[tel] (03) 8601 7050 [m] 0423 134 202

[e] steve.williams@audit.vic.gov.au Website: www.audit.vic.gov.au