

# Media Statement

WEDNESDAY, 5 DECEMBER 2007

## Auditor-General's Report: Funding and Delivery of Two Freeway Upgrade Projects

---

A report by **Auditor-General, Des Pearson**, titled *Funding and Delivery of Two Freeway Upgrade Projects*, was tabled in the Victorian Parliament today.

The report includes the results of 3 audits which examined:

- the financial arrangements made between the State and the Transurban Group in relation to the redemption of the CityLink concession notes
- the Tullamarine Calder Interchange (TCI) project, which was completed in late 2007
- the M1 (West Gate-CityLink-Monash) freeway upgrade project, which recently commenced preliminary works.

The report found that there was no evidence that the Department of Treasury and Finance considered in detail alternatives to fund the TCI project apart from the redemption of concession notes. For the M1 upgrade project, there was no evidence sighted of a comparative financial analysis of the relative advantages and disadvantages of the various debt or encashment funding options put to the Government.

Mr Pearson said, "this lack of a comparative financial analysis precludes provision of assurance that the encashment approach was the most economic for funding the freeway upgrades".

"However, given the decision to pursue the encashment approach to fund the freeway upgrades, we found that selling the concession notes back to Transurban for a negotiated price provided the best value-for-money outcome for the notes encashment transactions", Mr Pearson said.

The report found that the TCI project has been delivered on time and under budget, and was effectively managed. There are early indications it has improved traffic flows and reduced accidents. However, the report also noted a number of administrative lapses by VicRoads, which requires a continued focus on robust administrative and procurement systems and processes.

For the M1 upgrade project, the report found that the development of the business case and implementation of the chosen procurement strategy were satisfactory. However, the report notes that the projected economic benefits from the project are high, when compared with similar projects. Nearly all the economic benefits estimated for the project are derived from a complex traffic model, which is difficult to independently verify and certify.

<ENDS>

Direct link to report: [http://www.audit.vic.gov.au/reports\\_par/agp133cv.html](http://www.audit.vic.gov.au/reports_par/agp133cv.html)

---

### For further information:

John Olesky, Manager, Corporate Communications

[p] (03) 8601 7050 [m] 0419 330 785 [f] (03) 8601 7010

[e] john.olesky@audit.vic.gov.au Website: [www.audit.vic.gov.au](http://www.audit.vic.gov.au)