

MEDIA STATEMENT



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AUDITOR GENERAL RECOMMENDS ACTION BE TAKEN TO ADDRESS RISKS ON THE FIONA STANLEY HOSPITAL PROJECT

Auditor General Colin Murphy today delivered his report into the progress of the \$1.76 billion Fiona Stanley Hospital project.

In his report, Fiona Stanley Hospital Project, Mr Murphy found that action needs to be taken to address the risks that could mean further cost increases, time delays or that the hospital may not be fully operational when it opens.

The current capital budget is \$1.76 billion, \$1.3 billion more than the original estimate of \$420 million, and the current opening date of May 2014 is up to four years later than originally planned.

"This project is about more than putting up a building, it's about delivering a working hospital for the community," he said.

"To make sure that happens, urgent attention needs to be given to transition and workforce planning, and the delivery of key information systems."

Mr Murphy's report found that there is currently no transition plan in place, the workforce planning is behind schedule despite the need to have over 2 000 staff recruited, and new technology including patient administration systems may not be ready and tested in time for the hospital opening.

"Without effective management of these risks, the opening of the hospital may be further delayed, may cost more and the hospital may not deliver all the planned services to patients when it opens," Mr Murphy said.

The report also found that additional risks remain around the awarding of a second building contract and a facilities management contract.

A two stage contracting model is being used to build the hospital, with the second stage contract scheduled to be awarded in August. WA Health will also award a contract worth \$2.5 billion over 20 years for a Facilities Manager to provide non-clinical services including administration, cleaning, catering and building maintenance.

"Any delays in awarding these contracts could result in delays to the hospital opening date and it is vital that the Managing Contractor and the Facilities Manager work together effectively to make sure the hospital is built and operational by May 2014," Mr Murphy said.

"The State is responsible for managing the coordination of the two contractors and failure to do so could also increase whole of life costs.

"The Fiona Stanley Hospital is Western Australia's largest ever building project and the benefit of a 'health check' at this stage of the hospital development is that there is still time to address any risks and to potentially avoid any unnecessary cost increases and time delays.

“Many of the issues raised in this report echo those for previous capital works projects, including initial unrealistic timelines and budgets based on a limited understanding of what the project would involve.

“There were also attempts made to fast-track the project’s planning and approvals, but this risky approach actually delayed the project.”

Mr Murphy also noted that the project lacked robust financial and project management systems since the project started, however these are now being put in place.

“It is disappointing that robust systems were not in place from day one as Parliament and the community expect agencies to provide assurance that funds are being spent as intended, and that they are getting the best value for their dollar,” he said.

WA Health is responsible for the overall project management and budget but since early 2009, the Department of Treasury and Finance–Strategic Projects on behalf of the Minister for Works has been overseeing the building of the hospital for WA Health.

The Auditor General’s report, including a summary of findings and recommendations, can be viewed at www.audit.wa.gov.au

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