

Abstract

Construction of the « Deurganckdok » (Antwerp container terminal complex)

The Court of Audit examined the Deurganckdok project from the perspective of the cost price of this infrastructure project and the flaws in its preparation and implementation. The Court's examination also aimed at issuing recommendations intended for future infrastructure projects. It showed that the cost price at the end of 2004 was 39% higher than estimated, largely due to the general upward price trend. The project preparation and implementation was good but implementation was largely adversely affected by developments in the field of environmental legislation, town planning and funding. Moreover, the Flemish Government introduced several modifications in the project without assessing the resulting consequences. The Court stressed the need for putting in place an overall risk management system for large-scale infrastructure projects. The learning effects of the Deurganckdok project should play an optimal role to this effect.

Project progress

Under After undertaking in-depth preparation the Flemish Government decided in 1998 to fund the container tidal port in the Waasland harbour. The works, however, stalled for over a year (from March 2001 to April 2002) as a result of suspended regional plan modifications. The Flemish Parliament was obliged to approve a validation decree to remove the deadlock.

Cost price

At the end of year 2004 the cost price of the project had amounted to about 600 million EUR, that is 39% more than estimated. Several cost items (such as VAT and expected price adjustments) were not provided for in the budgetary planning. A major part of the cost increase resulted thus from the general price increase. Besides, the Courts' examination highlighted several flaws in the project preparation and implementation process, leading to additional costs incurred.

Preparation

The project preparation was given serious consideration according to the ideas prevailing in the nineties. The initial cost-benefit analysis was based on favourable adjacent conditions. During the implementation stage, however, the standards imposed in the field of environmental regulations, town planning and funding changed drastically. Moreover, the Flemish Government took a series of new policy decisions. Failing an overall system of risk analysis the impact of these adjustments on the return on investment was never studied.

Project management

The communication between the various departments concerned with respect to the issuance of urban permits and other permits did not happen in a structured way. This led to town planning problems, so that works were subsequently brought to a halt. Eventually

the situation was unlocked after the validation decree was adopted and a coordination project organisation was put in place to solve basic flaws.

Moreover various project modifications introduced by the Flemish Government adversely affected an optimal phasing of the works, which in turn gave rise among others to temporary capacity shortage or excess of dredged material. Adjusting measures and additional subprojects, such as the construction of a dyke in the "Doeldock" added to the cost by a substantial amount.

Although the Flemish Region subsidized the quay wall works by 60% it did not introduce any new audit procedures to audit the lawful and efficient use of subsidies since the transfer of the construction site supervision.

Problems at the construction stage

Initially very few compensatory measures for the protection of natural habitats and of wild fauna and flora were provided for the construction of the Deurganckdock. An extensive compensatory plan was introduced only after the European Commission expressed complaints and the State Council issued a judgment. But a serious checking system to verify the compliance with European regulations was not in place.

Dredging and related works were executed under a 1972 amicable agreement based on cost prices fixed without taking competition into account. The Flemish Region did not renegotiate this agreement when the opportunity arose with the building of the Deurganckdock or at least secure an effective price control and the possibility of checking the cost prices.

Damage claims

As works were at a standstill, several contractors filed damage claims. The follow-up of these claim files was found to be liable for improvement. It was also ascertained that if a more resolute approach had been adopted considerable amounts of interest on late payment and several years of judicial proceedings could have been saved.

Information supply

Although the Deurganckdock was an expensive and very risky project, the Flemish Government did not send any progress report to the Flemish Parliament so far nor did the Flemish Parliament receive any notification about the modified execution planning or the cost excesses.

Reply from the minister

The Flemish minister for Public works answered that the project modifications could not be taken into consideration when the cost-benefit analysis was made. He underscored the fact that his department did not underestimate several aspects of the funding and was able since then to have the amount of the damage claims reduced.