

**INSW SUPPLEMENTARY QUESTIONS****Assurance functions**

**1. How does the assurance work provided by Infrastructure NSW help to ensure that there are effective accountability measures in place to support decision-making for the delivery of the Critical Communications Enhancement Program (CCEP)?**

**RESPONSE:**

*The Infrastructure NSW investor assurance process adopts a risk-based approach under the Infrastructure Assurance Framework (IIAF) to ensure value is delivered by maximising benefits at optimal cost. In addition to gateway reviews, reporting to Cabinet for high-profile, high-risk projects occurs monthly, and Tier 2 and 3 projects are reported on quarterly. When emerging risks are reported or detected, additional scrutiny applies, with escalation to CEOs, secretaries, ministers and/or Cabinet.*

**2. What assurance work has Infrastructure NSW provided on early versions of the CCEP business case or cases?**

**RESPONSE:**

*Infrastructure NSW completed 13 reviews between March 2015 and October 2020, with the last of these reviews focused on the 2020 CCEP business case. In addition, the CCEP was subject to periodic reporting in line with the Infrastructure Investor Assurance Framework (IIAF) requirements.*

**3. Were there any findings or recommendations in the Auditor-General's performance audit, titled [Management of the Critical Communications Enhancement Program](#), that have informed how Infrastructure NSW provides oversight of the NSW's infrastructure program?**

**RESPONSE:**

*While the specifics are Cabinet in Confidence, program oversight and risk management underpins the Assurance process. 'Governance' and 'Risk Management' Key Focus Areas are assessed in Assurance reviews at both the project and program level.*

*A Gateway Review provides an independent snapshot of a project's status at a point in time. Recommendations and commentary from these reviews do not function as an audit but work to help agencies get their projects back on track if particular areas such as cost, schedule or governance need addressing.*

*Lessons learned from assurance activities informs updates to Infrastructure NSW assurance workbook. Updates published in January 2024 included a new confidence rating of "stressed" to Gateway reviews (previously high, medium and low). The introduction of "stressed" as a rating allows reviewers to identify projects that need additional support to achieve on time and on budget delivery.*

**4. If so, how have these findings or recommendation informed the work of Infrastructure NSW?**

**RESPONSE:**

*Please see answer to supplementary question 3.*

**Whole-of-government cost**

5. Page 7 of the performance audit, *Management of the Critical Communications Enhancement Program*, noted that in 2019 Infrastructure NSW recommended that the NSW Telco Authority 'coordinate a stocktake of the costs of operational bridging solutions ... so that a whole-of-government cost impact is available.' What is the status of this recommendation?

**RESPONSE:**

*The CCEP was subject to a Gate 2 review in October 2020. The recommendation referenced was adequately addressed in the 2020 business case.*

6. How satisfied is your agency with the NSW Telco Authority's implementation of the 2019 recommendation to coordinate a stocktake of costs?

**RESPONSE:**

*Infrastructure NSW undertook a review in October 2020. Infrastructure NSW found that the final business case demonstrated a high level of confidence that the project was being effectively developed and delivered in accordance with the Government's objectives. The preferred option met customer requirements to protect Emergency Service Organisations' first responders and the communities of NSW during extreme weather events and positions the Public Safety Network to be the backbone for future whole of government connectivity and technology needs.*

7. How should the tracking of the whole-of-government cost be improved across the public sector?

**RESPONSE:**

*Infrastructure NSW conducts capital portfolio assurance reviews to assess agency-wide capability and capacity to deliver their portfolio. Assurance reviews regularly check project expenditure against the approved project budget. These reviews identify issues early and provide for mitigations to be deployed. The Gateway Review Workbooks are regularly updated to ensure that they remain contemporary and acknowledge emerging trends and insights across the infrastructure portfolio. NSW has a good track record of delivering major projects on budget with 9 out of 10 projects over \$100 million meeting the investment decision budget.*

*Opportunities exist to investigate the benefits of using a centralised database where public sector entities share key project related financial data by project stage and by sector/project type. This could provide a comprehensive view of government spending across various departments and agencies and assist in utilising advanced technologies such as data analytics and artificial intelligence to analyse captured data and track government project expenditure more efficiently. This could help verify cost estimates and tender prices as well as identify areas where costs could be reduced.*

*Infrastructure NSW is also proposing to provide ongoing training and education to public sector employees on project and financial management best practices and the importance of accurate tracking of whole-of-government costs to improve the performance and expenditure outcomes of Project Teams.*

**Monitoring benefits realisation**

8. To date, what role has Infrastructure NSW played in regard to measuring and reporting on whether the proposed benefits of the CCEP have been or are being realised?

**RESPONSE:**

*Throughout a project's life cycle, Infrastructure NSW engages with stakeholders to gather feedback on whether the proposed benefits are being realised. This helps ensure that projects continue to meet the needs of the communities they serve and can be adapted as needed to achieve their intended outcomes. Each assurance review checks on the problem and service need, along with the drivers of change and evaluates the value delivered by maximising benefits at optimal cost.*

*At the end of the project, the Gate 6 Benefits Realisation Report is to support the close-out of the delivery stage into operations and to assess the successful delivery of the purpose and benefits of the government's investment in the project.*

**9. What improvements can be made on the monitoring of the realisation of benefits from the CCEP or other similar infrastructure projects?**

**RESPONSE:**

*Under the Investor Assurance Framework, Gate 6 assesses the project's purpose, benefits, residual risks from delivery, transition to operation and lessons learnt. Gate 6 falls within the Benefits Realisation phase of the project's Operation stage. It considers how the project's benefits have been measured and provides an opportunity to reflect on risks and opportunities, in addition to capturing lessons learnt.*

**Other**

**10. During your explanation of how the Business Case may have evolved for the CCEP you told the Committee that 'You don't need to fully design things up-front, because that means you end up spending a lot of money on business cases right up-front even though Government may then turn around and say, "Well, actually, we don't want to proceed with it at this stage."' (Transcript, page 25)**

**a. With reference to this logic:**

**i. Was the CCEP a project that might have been refused for funding? Or was it an essential and non-negotiable project?**

**1. And if it was essential (non-negotiable), or at the very least if it was a really really important project that needed to be heavily considered by Government, would it not make sense to have done a much more thorough and detailed Business Case right up front, spending several million dollars, or perhaps tens of millions of dollars, in ground-truthing the true cost and expertise, so that the actual costs were more accurately diagnosed?**

**2. Are there some projects that are considered by INSW that are deemed "essential" or perhaps "too important to be refused"? And in these instances is it still satisfactory to offer up a Business Case that lacks a more fulsome analysis, right up front?**

**RESPONSE:**

*The business case and project development processes have been improved with a strengthened Gate 0 process with a sieve to remove projects with limited strategic merit moving through development phase to investment decision. This includes a Go/No-Go recommendation to Cabinet, and new scoring criteria such as:*

- *Whether the agency provided an extract from their Strategic Asset Management Plan /Asset Management Plan that demonstrates the need for the project?*

- *Alignment to Government priority including the scope of applicable election commitments and relationships to an endorsed strategy or policy*
- *What is the level of criticality of the identified service need or problem, or how urgently does the community need it? Are the objectives and scope of the project clear?*

*All newly registered projects over \$100 million and nominated smaller projects will go through this process.*

## **11. What lessons can be learned from the time and cost overruns on the CCEP for future projects?**

### **RESPONSE:**

*Effective communication and collaboration with all stakeholders, including emergency service agencies, community, contractors, and suppliers, can help identify potential issues early on and ensure that everyone is aligned in terms of project objectives, expectations, operational costs and timelines.*

*Accurate cost estimation and analysis are critical to avoid time and cost overruns. This involves breaking down the project into its components and estimating the costs associated with each element, as well as factoring in potential risks and uncertainties that may affect the project's budget.*

*Identifying and mitigating risks proactively is essential to prevent cost overruns and delays. This includes contingency planning for unexpected events, such as natural disasters, supply chain disruptions, or labour shortages, as well as having a clear escalation process for addressing issues that arise during the project's execution.*

*Infrastructure projects often encounter unforeseen challenges or changes in requirements over time. Being flexible and adaptable to these changes is crucial to keep the project on track without compromising its quality or outcomes. This may involve adjusting project schedules, reallocating resources, or modifying project scope.*

*Ongoing monitoring and evaluation of the project's progress against its planned timeline and budget are essential to identify potential issues early on and take corrective action as needed. This includes regular reviews of key performance indicators, progress reports, and financial statements.*

*Analysing past projects to identify areas for improvement can help future projects avoid similar challenges. This involves documenting lessons learned, sharing best practices, and continuously updating project management processes and training.*