

**Submission  
No 1**

**ACCOUNTABILITY MEASURES FOR DECISION-MAKING FOR THE DELIVERY  
OF MAJOR INFRASTRUCTURE, CONTRACTING OF PUBLIC SERVICES  
AND/OR THE PRIVATISATION OF PUBLIC ASSETS IN NSW**

**Organisation:** Audit Office of New South Wales

**Date Received:** 24 November 2023

**INQUIRY AREA OF FOCUS:**  
**CRITICAL COMMUNICATIONS ENHANCEMENT PROGRAM (CCEP)**



Mr Jason Yat-sen Li MP  
Chair  
Public Account Committee  
Parliament House  
Macquarie Street  
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Our ref: PA6702

24 November 2023

Dear Chair

Thank you for the opportunity to provide a submission to the Public Accounts Committee ('the Committee') as it examines accountability measures for decision-making for the delivery of the Critical Communications Enhancement Program (CCEP). I note that this inquiry is part of the Committee's wider inquiry, *Accountability measures for decision-making for the delivery of major infrastructure, contracting of public services and/or the privatisation of public assets in NSW*.

As you would know, on 23 June 2023, I tabled the final report of the performance audit on [Management of the Critical Communications Enhancement Program](#). This performance audit focused on two broad questions:

1. Whether the CCEP was delivering an enhanced public safety radio network that meets the user requirements agreed between the NSW Telco Authority and the emergency service organisations (ESOs) that will rely on the network?
2. Whether the NSW Telco Authority has been adequately transparent to the NSW government and other stakeholders regarding total costs incurred by government in delivering the CCEP?

The audit found that, overall, the CCEP was delivering an enhanced public safety network that met the majority of user requirements, at least in those geographic areas where the network has been rolled-out. The only material exceptions to this were:

- Further technical and policy work is needed to ensure that, where required, the network is able to provide radio communications that are simultaneously interoperable (allowing ESOs to communicate between each other) and secured through encryption.
- Secondly, there was an urgent need for the NSW Telco Authority to address a potential security vulnerability resulting from a failure to ensure that all radios connected to the public safety network are appropriately authenticated. Without this step, there is a risk of non-authorized users accessing the network using 'cloned' radio handsets and terminals.

In regard to the second audit question, the audit found that the NSW government was kept adequately briefed on the capital cost of the CCEP. However, there was not similar transparency to the Parliament or the community, particularly as the forecast cost progressively increased and the completion date extended. While the program had an initial announced capital cost of \$400 million in 2016, it was not until the 2021-22 NSW state budget that the increased cost of \$1.325 billion was revealed publicly.

The audit also found that delays to the completion of the program meant that there were substantial additional costs incurred by ESOs to maintain their own ageing legacy radio assets. Taken together with the capital costs of the program, the audit estimated that the full cost to government of the CCEP will likely exceed \$2 billion. Determining this full cost to government was also made more complex by the variations that occurred to the project scope over the duration of the CCEP, particularly the uncertain status of a refresh to the emergency services paging network. While initially included in 2016 as part of the estimated \$400 million capital cost of the program, the refresh of the paging network had been removed from the program scope by at least March 2020. I note that, in response to ESO representations, the NSW Telco Authority subsequently sought and received \$60.31 million in the

2022-23 NSW state budget to undertake this work. The audit report notes that the NSW Telco Authority was unable to clarify material matters about the decision to initially remove this work from the CCEP scope.

### **Related audits on the delivery of major infrastructure**

In addition to the performance audit on the management of the CCEP, the Committee may also be interested in a number of other performance audits that have examined issues around accountability and transparency in major infrastructure projects. Relevant findings from these audits were summarised in my report, *Audit Insights 2018-2022*, tabled on 30 June 2022. These findings include:

- that accountability and transparency are fundamental in providing advice to decision-makers, and supporting evidence-based programs and services, and for building community confidence in government entities
- public reporting, at both system and project levels, is core for agencies to demonstrate transparency and accountability
- benefit realisation plans should be in place at the beginning of a program and be regularly revisited during implementation
- gaps in governance and oversight create a risk for the ability to assess success and ensure value is delivered for contracted services
- several audits with a focus on areas such as procurement and contract management of consultants and commissioned services found there were challenges in maintaining oversight and validation of contractor performance, creating a risk for demonstrating value for money from contracted services.

I trust that these comments are helpful in the Committee's deliberations. For your convenience, I have enclosed a copy of my audit report tabled on 23 June 2023, which is also available from the Audit Office website. I would be happy to discuss any aspect of this work.

Yours sincerely



Margaret Crawford PSM  
Auditor-General for New South Wales

Encl.

## Other attachment included with submission

Audit Office of New South Wales, [Management of the Critical Communications Enhancement Program](#), Report number #383, 23 June 2023