

**REPORT ON PROCEEDINGS BEFORE**

**PUBLIC ACCOUNTS COMMITTEE**

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

**At Macquarie Room, Parliament House, Sydney, on Monday 25 March 2024**

**The Committee met at 9:55.**

**PRESENT**

Mr Jason Li (Chair)  
Mr Clayton Barr (Deputy Chair)  
Ms Jenny Leong  
Mr Anthony Roberts  
Mr David Saliba

**The CHAIR:** Good morning, everyone. Before we start, I would like to acknowledge the Gadigal people, who are the traditional custodians of the land on which we meet here at Parliament. I also pay my respects to Elders of the Eora nation, past and present, and extend that respect to other Aboriginal and Torres Strait Islander people who are present today or watching proceedings on the webcast. Welcome to the hearing of the Public Accounts Committee inquiry into accountability measures for decision-making for the delivery of major infrastructure, contracting of public services and/or the privatisation of public assets in New South Wales. We will be hearing evidence in relation to the Critical Communications Enhancement Program.

For the benefit of those watching the proceedings, the following acronyms are likely to be used in today's hearing. The Critical Communications Enhancement Program may be referred to as the CCEP. The Public Safety Network may be referred to as the PSN. Emergency services organisations may be referred to as ESOs, and in the context of today's hearing this includes NSW Ambulance, Fire and Rescue NSW, NSW Police Force, NSW Rural Fire Service, and NSW State Emergency Service. I thank the witnesses who are appearing before the Committee today and the stakeholders who have made written submissions. We appreciate your input into this inquiry. I declare the hearing open.

**Mr SCOTT CAMPBELL**, President, NSW Rural Fire Service Association, before the Committee via videoconference, affirmed and examined

**Dr ANDY ASQUITH**, Research Officer, Public Service Association of New South Wales, affirmed and examined

**Ms SIOBHAN CALLINAN**, Acting Assistant General Secretary, Public Service Association of New South Wales, affirmed and examined

**The CHAIR:** I welcome our first witnesses. Thank you for appearing before the Public Accounts Committee today to give evidence. Can each of you please confirm that you have been issued with the Committee's terms of reference and information about the standing orders that relate to the examination of witnesses?

**SIOBHAN CALLINAN:** Yes.

**ANDY ASQUITH:** Yes.

**The CHAIR:** Thank you. And Scott, can you please just confirm those matters?

**SCOTT CAMPBELL:** Yes, I have.

**The CHAIR:** Can you hear us okay?

**SCOTT CAMPBELL:** Yes, I can.

**The CHAIR:** Do you have any questions about this information?

**SCOTT CAMPBELL:** No, not currently.

**The CHAIR:** Would anyone like to make a brief opening statement before we begin questions?

**SIOBHAN CALLINAN:** I do have a statement, if you're happy for me to go first, Chair?

**The CHAIR:** Thank you, please go ahead.

**SIOBHAN CALLINAN:** Thank you for the opportunity to address the Committee of inquiry. The Public Service Association of New South Wales is the primary union within the New South Wales public sector, with 40,000 members working across all government agencies and departments. Our members have been critical to the delivery of public services despite both the public sector and those who work within it being undermined during the 12-year period the Coalition was in government in New South Wales. As such, we have a significant interest in the matters before this inquiry.

For far too long the Government of New South Wales has been driven by an ideological obsession with a misguided belief that value for money must always mean low-cost solutions are sought. This has been a gross miscalculation, with short-term solutions being constantly pursued at a much greater cost to all New South Wales citizens. This approach to government has and will continue to cost us all—a point made loud and clear by the Fels report into the privatisation of the motorway system, which will cost us \$195 billion over the next 35 years.

We ran a successful campaign, "Privatisation hurts us all", which highlighted a raft of former public services which were either transferred or sold far too cheaply to the private sector and now allow either private individuals or commercial concerns to profit from the provision of often essential services such as the Critical Communications Enhancement Program, which was to be delivered through partnerships with private industry. The experience from the Critical Communications Enhancement Program demonstrates an opaque contracting system, significant cost overruns, time frame blowouts, limited operational effectiveness, poor value for money and questionable contract management.

The failure to deliver the Critical Communications Enhancement Program has implications for our members who work in the emergency services arena, notably in the State Emergency Service, the 000 operators, police radio operators and the Rural Fire Service. The selfless actions of our members and their colleagues in these services were impeded during the bushfires and flooding incidents which have impacted the State in recent years. The importance of the Critical Communications Enhancement Program being delivered consistently and within time frames is evident from the official New South Wales Government report into the 2022 floods. The report detailed that the response to the emergency was severely impeded by the failure of the communications equipment across the emergency services, with incompatibility, duplication and systems not fit for purpose being significant factors.

The sheer number of emergency calls during the floods caused a catastrophic systems failure. The outdated equipment simply could not cope with the demand. This left both large numbers of citizens in danger

and considerable frustration and anger amongst our members who were not provided with the appropriate tools with which to perform their critically important jobs to the best of their ability. The net effect of this has been to leave many essential service workers negatively impacted by psychological trauma because of their inability to deliver public services to the best of their professional capabilities.

The issue of system incompatibility was particularly severe in terms of SES and police communication, where the interface between the two communications systems simply couldn't cope with the sheer volume. The situation became so bad that those involved relied upon physical communication rather than the unreliable electronic systems which were so distrusted. We would argue that evidence not only from New South Wales but elsewhere in Australia and wider internationally shows that the issues identified in relation to the Critical Communications Enhancement Program are not unique. Thank you. My colleague Dr Andy Asquith and I are happy to answer questions as necessary.

**The CHAIR:** Would anybody else like to make an opening statement before we proceed to questions?

**SCOTT CAMPBELL:** Mr Li, if I may, please. Thank you for the invitation and the opportunity to make a submission on behalf of the New South Wales Rural Fire Service Association to your Committee. The RFSA is a representative body of more than 40,000 members, which is made up of both RFS volunteers and staff. The Critical Communications Enhancement Program is of particular interest to our members and the upgrading of the PSN radio coverage that is used by emergency services statewide. While all emergency services rely on the PSN to do their work, it is arguably even more critical for the RFS volunteers who operate in remote areas without reliable mobile phone reception and more often work in other emergency services. I'm happy to take any questions.

**The CHAIR:** We will now move to questions from the Committee. Before we begin questions, I inform the witnesses that they may wish to take a question on notice and provide the Committee with an answer in writing within 14 days after receiving the question. I might kick off, if everybody is okay with that? Ms Callinan, you mentioned the impact on your members from delays. Do you have any comment about what you think the reasons for both the delays and the cost blowouts for the program were?

**SIOBHAN CALLINAN:** We might take that one on notice, unless you had anything you'd like to add to that, Dr Asquith?

**ANDY ASQUITH:** I think taking it on notice is a very good idea.

**SIOBHAN CALLINAN:** Yes, we'll take that one on notice.

**The CHAIR:** Thank you. I might throw to other members of the Committee. Did anybody else have questions that they'd like to ask?

**Mr ANTHONY ROBERTS:** I do. You outlined that you've experienced these difficulties over a period of time. What would you have done differently and what would you suggest the solution would be?

**SIOBHAN CALLINAN:** In terms of—sorry, I missed that. Both Dr Asquith and I are hearing impaired, so we may ask you to repeat yourself. I apologise for that.

**Mr ANTHONY ROBERTS:** No, not at all.

**SIOBHAN CALLINAN:** Would you please repeat the first half of that question?

**Mr ANTHONY ROBERTS:** I'll put on my father voice.

**SIOBHAN CALLINAN:** Yes, that would be wonderful. Thank you.

**Mr ANTHONY ROBERTS:** You said that there were a number of difficulties. This has been going on for as long as I've been around. Let's go back five years, six years. What would you have done differently? What do you see the solution as being?

**SIOBHAN CALLINAN:** A core position of the Public Service Association is that government is best placed to deliver essential services. We will also take that question on notice and provide further detail. In terms of our position as a union, those services should have really been delivered in-house, but over successive years the capabilities of the public service had been deteriorated to the point where they were unable to be delivered by directly employed public servants. That would be our broad position but, in terms of the second part of your question about what we would do differently, other than a fairly broad statement of not privatise essential services, we might take that part on notice and provide further detail in writing.

**Mr CLAYTON BARR:** This is a question primarily for the PSA. Is your membership raising any concerns about the shift from their own personal emergency communications network onto a singular model

which will be shared across the services? Are your members raising concerns or problems, maybe around encryption, too much noise and mayhem, or anything like that?

**SIOBHAN CALLINAN:** At this point it hasn't been a concern raised directly through RFS and SES, which are areas of coverage for us. I would have to seek some further input from our justice team that covers our police radio and 000 operators. I don't think at this point that that is a major concern. However, as it is implemented, we will obviously have consultative arrangements and discussions with our members, and they will very happily raise concerns with us as they arise. Dr Asquith, do you know of any concerns that have been raised prior to this?

**ANDY ASQUITH:** Not concerns. My view that I've picked up is that they welcome the shift because of the issues in terms of the legacy systems. We're certainly aware of one member who has resigned because of the stress that they were placed under during the floods. It was simply unacceptable.

**SIOBHAN CALLINAN:** We've had a number of our delegates and members who have either taken a step back or, as Dr Asquith said, resigned due to the fallout and psychological trauma that has occurred because of the failure of those systems, particularly during the floods.

**Mr CLAYTON BARR:** Mr Campbell, can I get you to put on the record how vitally important getting this thing up and running will be for your members and the work that you all do?

**SCOTT CAMPBELL:** Thank you for your question. Absolutely. A key element of the Keelty inquiry into the Bega fires was the AVL and where we could locate appliances or fire vehicles through those fires and the lack of. The RFS has applied the AVL to every fire appliance in New South Wales. The issue we have is that without the PSN, or GRN, we can't locate those vehicles. Of course, a large chunk of our State is still on the old PMR system so the AVL is not operational. What it also does, particularly with the PSN, is gives an ability for those very real sitreps to come from the field into our OMT and management teams, and that is paramount to delivering a very safe and accurate message to communities in the event of a severe bushfire or flood incident.

**Mr CLAYTON BARR:** Just to emphasise the point, there are times when there are RFS trucks out there at the moment when we're completely blind to where they might be and what they're up to operationally, because they can't radio back to base. Is that right?

**SCOTT CAMPBELL:** Absolutely. That is the case.

**The CHAIR:** Could I ask a follow-up question? Can anybody give us a sense of, with the different emergency service organisations, to what extent they are using the PSN and to what extent they are still using legacy systems? How much of a switchover has happened at this point, roughly?

**SIOBHAN CALLINAN:** I wouldn't be able to provide specific data on that question. I have read the audit report into the rollout and I believe it is coming to completion soon. However, in terms of the use of legacy systems, these are decisions made by the leadership of organisations, not by the union.

**ANDY ASQUITH:** Different leadership.

**The CHAIR:** The Audit Office's report said that of 50 per cent of the calls on the PSN network, some 44 per cent are by NSW Ambulance and about 6 per cent are from New South Wales police. It seems to be saying that of the 70-odd organisations that are on it, that forms the bulk. I assume that's because the RFS would use the network when there's an emergency, whereas other agencies use it on a day-to-day basis. That might partially explain the figures there. I'm trying to get a sense of the proportion of usage between different ESOs and how prevalent that usage is now compared to legacy systems. But I guess I'm hearing that it's not entirely clear.

**SIOBHAN CALLINAN:** No, it's not clear to us. We could get some further detail from our members but, even then, it's a decision for the leadership of those organisations in terms of how they have implemented that and ensured that access is there and that they're using the systems as available.

**The CHAIR:** My understanding is that there is also a legislative requirement in the Telecommunications Act. Once the PSN is up and running, agencies are required by legislation to switch off their old systems and to move onto the PSN. Do you have an understanding of how that works in practice, because it's a progressive rollout of the PSN and there are different sites that are coming online. Does that mean when a site comes online, the legacy system is no longer to be used at that site?

**SIOBHAN CALLINAN:** I think we'd have to take that one on notice and gather some further information from our members and delegates.

**SCOTT CAMPBELL:** Mr Li, I could add that all RFS fire appliances have had the radio upgrades completed. Once those PSN sites come into operation then it's an easy switchover of radio channels. Currently we

have a large chunk of our appliances that are still on the old PMR system. If they were on GRN early, the switch to PSN was seamless, but we're finding that some areas still haven't had the full work completed as yet for the PSN. So it sits in the background, just not able to be used yet.

**Dr DAVID SALIBA:** This question is probably open to everyone. On the matter of whether or not the CCEP is fit for purpose, are there any commentary or points in terms of the program, the sustains and any improvements that may exist? We've heard a bit about the strengths and why that's important, but what are some of the improvements that you think should have occurred, in terms of functionality, design, implementation et cetera.

**SCOTT CAMPBELL:** I'll go first, if you like, and be very brief. The members that we have that are able to use the PSN speak very highly of it. The ability to track appliances through firegrounds and have that critical communication back to the incident management teams is essentially. Those that are still waiting—we've seen a time blowout from 2020 to now 2027. That's a huge amount of time that we've had to wait for something that is so critical, not only for our firefighters' safety but also for the community's safety.

**Dr DAVID SALIBA:** How has that delay impacted your members?

**SCOTT CAMPBELL:** Simply, we have people who do not have the ability to use PSN at the moment, so you cannot track their appliances. In the event of an overrun, for instance, with the PSN, there's an emergency button in your truck that you press and that allows the incident management team to send any available resources, whether air or other appliances, to your aid. If they're still on the old PMR and they're in a black spot, for instance, they have no communications. There's no ability to pass that information on, and assistance and help—which could be life threatening—may not be able to get to you.

**Dr DAVID SALIBA:** Do you have any data there to back up the quantity of that occurring? How frequently are we putting people at risk potentially for the delays?

**SCOTT CAMPBELL:** I think actual data, no, I don't have any at hand. But I can give you a firsthand instance in 2019 where I myself was in that very position.

**Dr DAVID SALIBA:** Do you have any comments in terms of—

**SIOBHAN CALLINAN:** Nothing further to add.

**Dr DAVID SALIBA:** Just on the question of consultation, obviously this program was developed and there's an execution phase occurring right now. I wanted to gauge whether or not yourselves or any of your members were consulted in terms of the design and implementation and informed throughout 2016 onwards about the program.

**Mr CLAYTON BARR:** Or even earlier.

**Dr DAVID SALIBA:** Or even earlier? Good point. We'll start with you, Scott.

**SCOTT CAMPBELL:** I'll make the comment that the RFS staff have been particularly engaging with volunteers in how the information flow-through is held with the CCEP and what that means for volunteers and what they can do. I think that conversation from commissioner down has been exceptional.

**Dr DAVID SALIBA:** Do you have any points, Ms Callinan?

**SIOBHAN CALLINAN:** I know that we had the opportunity to provide our feedback on what the failings were of the previous system. We provided a couple of submissions into different inquiries. In terms of consultation processes with the rollout, I've only been on the portfolio a short time and I have not been involved in those consultation processes myself. However, I can provide some further information via our delegates in writing.

**Dr DAVID SALIBA:** I guess the key thing there, too, is interoperability. I'd imagine in any form of consultation, given that there are different users using this integrated system with, in effect, niche user requirements as well as common user requirements—

**SIOBHAN CALLINAN:** Yes.

**Dr DAVID SALIBA:** As a follow-up question, I imagine on notice—whether or not all parties got together to talk about this system and see what the design needs were and what some of the strengths and improvements and fixes could have been. That would be greatly appreciated too.

**SIOBHAN CALLINAN:** Absolutely, we can provide definitely in terms of our interactions with RFS, SES and police radio and 000 operators—I'm happy to provide some information on that. I am not currently aware of a—where everyone was brought together from a union perspective, but happy to provide what I can in writing.

**Dr DAVID SALIBA:** The reason I ask is because it supports the justification of decisions. We've spent a lot of money doing this so we've got to make sure that this is fit for purpose, so the lessons that we can draw from this will help foster better decision-making in the future.

**SIOBHAN CALLINAN:** Our interaction from an industrial perspective—there may have been situations. Across the different agencies, there could have been things put together with workers from those agencies but our view would be from an industrial perspective on behalf of our delegates and members. I'm not sure if that particular process has happened across the board in a combined way. You're not aware of any—

**ANDY ASQUITH:** I'm certainly not aware of any, no.

**SIOBHAN CALLINAN:** Several of those agencies do fall in my area of coverage—happy to provide and seek information from the Justice area as well and provide on notice if anything from a union perspective was done across the board.

**Ms JENNY LEONG:** I have a couple of big-picture questions first. Obviously, we've all seen both the cost blowout and the time blowout, but also it appears to be from all of the analysis undertaken by the Audit Office that the scope has actually significantly reduced in terms of the number of sites but also the paging network has been removed from the scope of this and has been put back in a different one. I am happy for you to take it on notice again if you need to from the PSA. Are you aware of additional things that you and your members put into what was being done or delivered that would justify the cost blowout or the change of scope?

Obviously, from what we're seeing from the original business case to now, it seems the time lag is significant, the cost blowout is huge and the scope has been reduced. That said, if there were things that were coming from your members in terms of the functionality and interoperability of how the system would work that required additional costs, then there would be a benefit to that that wasn't in the original business case. I wonder, starting with you, Mr Campbell, and then going to our friends at the PSA, if you're aware of any consultations or input that your members had that wasn't in the original scope that would've justified in some way either the cost or the time blowout.

**SCOTT CAMPBELL:** That's not a conversation I was a part of. The point I would make, though—I understand there's a cost blowout and the like, but do we put a cost on firefighters' safety that are currently in the field? The RFS, just like our Fire and Rescue colleagues, are out there every day and every night putting themselves at risk and for the PSN to be slow to be implemented across the whole State I think is having a dramatic impact on our members.

**Ms JENNY LEONG:** Can I just follow up on that, Mr Campbell? To your point earlier, I absolutely agree there is not a cost that we can put on these things. But at the same time the purpose of this Committee is about looking at how the business case got it so wrong in terms of the cost and the timing to deliver it. In terms of your current members and the situation that they are in on the old system, if you like, and the time frame to convert over to the new system, can you explain to us what are the actual technical requirements to do that and what is stopping that from being done tomorrow as opposed to needing to happen in 2027? Is it the fact that the money hasn't been budgeted for in the time? Is it that there are technical things that don't exist yet and we have to wait for them to be created? What is the delay that means that we can't switch people over tomorrow such that, if there is a bushfire, they can push an emergency button and we can know where their truck is?

**SCOTT CAMPBELL:** My understanding is the towers are simply not completed yet in some of these areas and that system is just not there.

**Ms JENNY LEONG:** So the infrastructure required to allow that to function has not yet been constructed?

**SCOTT CAMPBELL:** Not yet constructed or is in construction phase.

**Ms JENNY LEONG:** In terms of where the PSA is at, are you aware of changes to scope or input that your members may have had?

**SIOBHAN CALLINAN:** No, I'm not aware of changes to scope or input. I would just make a brief comment. Our members are often not asked for those things. Consultation processes are not really—it's not necessarily a genuine consultation process. However, I am happy to also gather some further information from our delegates and provide at least what was requested of them.

**ANDY ASQUITH:** If I can just say something here. There is a long history around the world of IT projects like this going belly up. There are studies that have been conducted on this. It's a classic example as well of where you bring in IT consultants from the private sector as management consultants at play here. They've landed and they're expanding and it's in their interest to drag it out as long as possible because we'll pay.

**Ms JENNY LEONG:** The paging network that was originally included in the scope of the program was taken out. My understanding is then, as a result of advocacy from the emergency services organisations, it was created as a separate business case outside the scope of this program. Were either of your organisations or members involved in the decision to exclude the paging network from the scope of this? Specifically my understanding is it has a direct impact on both the SES and the RFS in terms of the benefits of that paging network. Do you have any insight for us as the Committee as to why that was taken out of the scope or awareness of how that occurred?

**SIOBHAN CALLINAN:** I'm not aware of—I don't have any insight to share. We're not aware of why that was taken out and put into a separate business case and often those things happen without the awareness of our members.

**Ms JENNY LEONG:** Mr Campbell, did you have any further insight into that?

**SCOTT CAMPBELL:** I don't, other than the way we're paged currently to incidents through our computer-aided dispatch system is further enhanced if the members are on the PSN.

**The CHAIR:** I ask a follow-up question regarding interoperability. Interoperability was one of the key platforms of the benefits of the CCEP. Have you heard any examples from your members about instances of interoperability where different agencies or different ESOs have been able to collaborate or share information?

**SIOBHAN CALLINAN:** No, I haven't heard anything of that kind in terms of the specific emergency incident that has borne out the interoperability of those agencies. Again, I'm happy to take that on notice and gather further information from our delegates.

**ANDY ASQUITH:** I think it's worth saying here as well that the incidents in the Fuller report into the floods were examples of incidents that were fed back through our members to us. We would just reinforce the Fuller conclusions on this.

**The CHAIR:** Mr Campbell, did you have any insight into this?

**SCOTT CAMPBELL:** Only that the ability to operate with the PSN across the State in that interoperability, whether it's with SES, VRA or Fire and Rescue, for instance, is always a challenge with us, particularly with the availability of channels. The PSN will obviously enhance that.

**The CHAIR:** One of the tensions to interoperability is the question of encryption. The thought is that there will be certain ESOs that would want to have private conversations and they wouldn't want those conversations or that information shared with others. Through your memberships, have you heard of any instances or can you describe situations where ESOs would be uncomfortable sharing information or where that has actually happened and the lack of encryption has hampered interoperability?

**SIOBHAN CALLINAN:** Mr Campbell, did you want to go first on that one?

**SCOTT CAMPBELL:** I am not aware of any instances in that case.

**SIOBHAN CALLINAN:** We are not aware of any instances either. I don't believe that would be of concern, necessarily, to our members working on the ground. However, there may be more private conversations as you go up in the ranks that may need to be had. But we don't have a huge number of delegates in those higher ranks. I probably wouldn't be able to provide too much information on that, but I'm happy to provide further consultation with our delegates around that question.

**The CHAIR:** Thank you for appearing before the Committee today. You will each be provided with a copy of the transcript of today's proceedings for corrections. The Committee staff will also email any questions taken on notice and any supplementary questions from the Committee. We kindly ask that you return the answers within 14 days.

**(The witnesses withdrew.)**

**(Short adjournment)**

**Mr PETER ELLIOTT**, Acting Executive Director, Finance and Corporate Services, NSW Ambulance, sworn and examined

**The CHAIR:** I welcome our next witness, Peter Elliott. Thank you for appearing before the Public Accounts Committee today to give evidence. Can you please confirm that you have been issued with the Committee's terms of reference and information about the standing orders that relate to the examination of witnesses?

**PETER ELLIOTT:** I have, thank you.

**The CHAIR:** Do you have any questions about this information?

**PETER ELLIOTT:** No, I do not.

**The CHAIR:** Would you like to make a brief opening statement before we begin questions?

**PETER ELLIOTT:** Yes, thank you. Good morning. Thank you for the invitation and the opportunity for NSW Ambulance to contribute to this inquiry. On 1 April, in a few days time, NSW Ambulance will reach the agency's 129th anniversary of providing ambulance services to the people in New South Wales. Cloaked in this history is the symbolism and culture that underpins our corporate vision of excellence and care. My part of this history is 37 years employment with NSW Ambulance. In this time I have had the opportunity to be part of NSW Ambulance as it has matured and grown into one that proudly has 6,500 operational and corporate employees supporting excellence in care for our patients across New South Wales 24 hours a day, seven days a week.

NSW Ambulance is one of the largest ambulance services in the world; however, our uniqueness is the geographical area of the service delivery from metropolitan, regional, rural and remote rural areas of New South Wales. Each 24 hours NSW Ambulance's four call-and-dispatch centres—what we call control centres—receive over three thousand 000 calls, making NSW Ambulance the highest recipient of 000 calls in Australia. The control centres communicate with paramedics, aeromedical crews and our volunteer community first responders using radio communications and data. Annually we make over 6.5 million radio transmissions.

NSW Ambulance is operating aged, end-of-life radio infrastructure. It is mission critical for NSW Ambulance to have a reliable, cybersecure and encrypted radio communications network, and have the capacity to move large amounts of data across networks to support our clinicians who provide care to our patients and, equally, support a safe working environment for them. NSW Ambulance is a collegial partner in CCEP and PSN, having the third largest quantity of agency devices used on the PSN, and is the largest overall user of PSN and CCEP networks. As a mission-critical part of operations, NSW Ambulance will work collaboratively to ensure the implementation of radio infrastructure across New South Wales. Thank you for the opportunity to make this address and I welcome any questions you may have.

**Mr ANTHONY ROBERTS:** Thank you for your service.

**The CHAIR:** Thank you very much. Before we begin with questions from Committee members, I wish to inform the witness that you may wish to take a question on notice and provide the Committee with an answer in writing within 14 days after receiving the question.

**PETER ELLIOTT:** Thank you.

**The CHAIR:** I think we're aware of the significant delays in the implementation of the CCEP. I wonder if you could talk to us about the impacts that the delay has had on NSW Ambulance and your staff?

**PETER ELLIOTT:** As I said in my opening address, having a radio network that's reliable, encrypted and safe across New South Wales is of paramount importance to our operations. We rely upon our radio networks for the radio communications between paramedics and control centres and also our duress alarm functionality across the other networks. With the delays, as I mentioned, we have an end-of-life radio network—what we call the private mobile radio, PMR. We have aged infrastructure that is end of life and failing. In turn, we've had to spend money that's come in through CCEP on the radio network to ensure that we maintain radio communications. There are always going to be black-spot areas in radio networks, and not one radio network will suffice to meet the vast areas that we cover across New South Wales. But the delay, in particular with maintaining coverage across the area, has caused us problems operationally, ones that we need to address ongoing either with Telco or in other means.

**The CHAIR:** Just quickly to follow up, do you record those issues in performance and report them as part of your regular operational reports?

**PETER ELLIOTT:** Yes, we do. We have an incident management system for black spot. We also do regular testing in the areas. We've done enhancements to our existing radio infrastructure. They are recorded. We know where the black spots are. I'll just provide the caveat, though, that there are always going to be black spots somewhere because of dips in hills and various other things across. But yes, they are recorded.

**Dr DAVID SALIBA:** Sorry, just on that, you talked about delays and the costs associated with your current programs that are end of life. Do you know how much is being spent on a yearly basis, or to date?

**PETER ELLIOTT:** Under CCEP and internal—I will just use the Stay Safe Keep Operational Program of NSW Ambulance, which is essentially that same budget allocation from the Treasury. Over the years, I think since 2018, there has been \$84.5 million of money that's been spent, but it's not because of it; it is part of it. Where we do a radio program like an enhancement of our own radio infrastructure, we plan to then pick up the footprint of where the PSN is going. It's not a duplication or an expense of money that's not going to be able to be used later on.

**The CHAIR:** Sorry, just to clarify that: Because of the delay in the rollout of the CCEP and the upgrades, you've had to spend money maintaining the legacy systems?

**PETER ELLIOTT:** That's correct.

**The CHAIR:** That amount of money up to 2018 has been, I think you said, 84.5?

**PETER ELLIOTT:** No, from 2018 to date, over the life of the program, it's been \$84.502 million.

**The CHAIR:** But then your last statement is you have optimised that such that you've calibrated that with the expected rollout of the CCEP?

**PETER ELLIOTT:** Yes.

**The CHAIR:** Are you saying that that's not necessarily additional spend on top of the cost of the CCEP?

**PETER ELLIOTT:** No, it is not additional spend. There are other programs in that money as well, like the radio terminal refresh, radio infrastructure. Where we've done black spot remediation, for example, we look to expand the footprint where the PSN is going to go. In other words, it's an investment into that footprint so it can be picked up later on as part of that program. It's not additional money.

**Mr CLAYTON BARR:** Sorry, can I seek clarity on that? If you're making investments into an area that you know the PSN will ultimately reach into—have I got that language right so far?

**PETER ELLIOTT:** Yes.

**Mr CLAYTON BARR:** So then NSW Health, Ambulance is essentially putting in place some infrastructure to assist the rollout of the PSN? You're funding the PSN from inside of NSW Health revenue?

**PETER ELLIOTT:** No, the money is the Treasury allocation, through the Telco, for the CCEP. The CCEP is primarily about the radio infrastructure, the towers and where it goes. We've got an aged radio network that will be decommissioned. It will pick up a similar footprint but with new technologies, up-to-date radio infrastructure with our radio equipment on it.

**Mr CLAYTON BARR:** So the outdated one is the PMR?

**PETER ELLIOTT:** Yes, that's correct.

**Mr CLAYTON BARR:** If you go out and do some of this stuff, you're essentially transitioning that particular area from PMR to PSN?

**PETER ELLIOTT:** That's correct. At the moment the PSN is greater metro and goes as far north as Taree, so it's Newcastle and Taree—also Illawarra, and there's a hub around Dubbo. Our PMR networks are still important to us, obviously, because we need to maintain radio communications in other areas.

**Mr CLAYTON BARR:** Obviously the results are that about 44 per cent of the traffic on the PSN at the moment is NSW Ambulance.

**PETER ELLIOTT:** Yes, it's about that.

**Mr CLAYTON BARR:** Sorry, in New South Wales.

**PETER ELLIOTT:** Yes, it's about that.

**Mr CLAYTON BARR:** Are you guys keen to quickly move to PSN because your PMR is just so outdated?

**PETER ELLIOTT:** We are, as soon as practically possible. Our full migration is not due until 2028.

**The CHAIR:** Can I doubly reclarify the earlier point, which I'm not sure I understood? If the CCEP was delivered on schedule—in other words, it should have been delivered by 2020, I think it was—those funds, the maintenance money, wouldn't have been needed to have been spent. Is that correct?

**PETER ELLIOTT:** Yes, well, part of that. Yes, that would be correct, on the radio infrastructure. There's other programs we do within that \$84.5 million. I can provide that breakdown, if needed. But there's a certain portion of that money that would not have needed to be spent, correct?

**Dr DAVID SALIBA:** On that too, though, full migration is expected to occur in 2028. Back in 2016, when were you anticipating full migration to occur?

**PETER ELLIOTT:** I understood, from the information that I've read, it was 2022.

**Dr DAVID SALIBA:** On that, we're just trying to look at the delay impact. From 2022 to 2028, is there a financial cost attached to that that wouldn't have occurred?

**PETER ELLIOTT:** I think there would be, because we're doing our black spot remediation and additional radio infrastructure. That's correct.

**Dr DAVID SALIBA:** Is it possible on notice—is there a way to quantify that?

**The CHAIR:** I think Mr Elliott has said there's \$84.5 million that has been spent since 2018, but part of that is non-black-spot-related sort of maintenance.

**PETER ELLIOTT:** There are various programs we've got with CE networks—terminal refresh, which is going to the ambulance. There are other moneys that are being spent that would have been part of the program, but there is also radio infrastructure—particularly for the maintenance of our PMR network, because it's critical to our communications—that we had to do work on.

**Dr DAVID SALIBA:** And just on that, so that \$84.5 million, that's 2018 until today, or is that anticipated to be from 2018 and 2028?

**PETER ELLIOTT:** To full year '24.

**Dr DAVID SALIBA:** Okay. So that's an additional cost.

**The CHAIR:** Would it be possible to quantify the amount that was spent on the black spot remediation—those things that would have been covered, had the CCEP been ruled out on time?

**PETER ELLIOTT:** For the purpose of defining, are you asking from the start of CCEP up to the full year '24?

**The CHAIR:** Correct.

**PETER ELLIOTT:** I can take that question on notice.

**Ms JENNY LEONG:** Thank you, Chair, if I may jump in. Thank you, Mr Elliott. I appreciate that, and maybe just to follow up on that, can I ask, in relation to then the projected cost between now and the full move over in 2028, do you expect that that would be a similar level of cost? Given the four years from 2018 to 2024 is \$84.5 million, would we see that same level of cost playing out over the next four years in terms of maintaining the older legacy PMR?

**PETER ELLIOTT:** It's going to be based on the forecast of where the PSN, the new radio tower network, expands to. The further the growth in the footprint of the new radio technologies, the further we'll be able to decommission the PMR network.

**Ms JENNY LEONG:** Given that you've been able to step in to take the action necessary to maintain the PMR, given the delays in the project, do you believe that there are ways that the entire program and the transfer over could be rolled out quicker than it is currently being done? What do you see as the main barriers for why it's being delayed to such a level?

**PETER ELLIOTT:** For NSW Ambulance, as I mentioned before, we're looking to have the PSN rolled out as soon as possible. In fairness, there have been bushfires; there have been floods; there has been COVID-19; there have been matters that I'm not fully privy to about the contractors and consultants. You're going across private land ownership. I can't answer the question fully, other than it's probably been more of a challenge in terms that it was because of the private landholdings and where it's going that has delayed the program. I don't think I can answer it fully with the knowledge that I have, thank you.

**Ms JENNY LEONG:** I appreciate that is a challenging thing to make an assessment on, so thank you for that insight. I guess the other question was just in terms of the risks. I guess, on one hand, absolutely I agree: COVID-19, the floods and the bushfires have been identified as reasons for the delay, and I don't think anyone is underestimating the impacts that they've had on our communities. At the same time I think, particularly in relation to the bushfires and the floods, they demonstrate the absolutely critical nature of ensuring that our communication technology is working adequately. In that sense, what do you see as the biggest risks for you and for NSW Ambulance in relation to the delay in this rollout and transfer? Do you think adequate assessment is being done of the risks as a result of that?

**PETER ELLIOTT:** The radio communication is of paramount importance to the safety of our paramedics, obviously. It's also to assist in the communication about our patients on everyday operations. It is our sole link with the control centre in their geographical area. Our duress alarm functionality for paramedics, as in paramedics safety, is linked to the radio network. If we have a black spot, our radio network doesn't work in terms of communication. It also doesn't carry the alarm activation. That's of paramount importance. We're looking to actually reduce the potential stress on paramedics every day by making sure they've got a reliable radio network, duress alarm, functionality and connection. I think that's it.

**Ms JENNY LEONG:** Just one final question, if I may, Chair: How does the current communication technology exist in terms of the people working in NSW Ambulance compared to, say, the New South Wales police? Obviously, in the shift over, the idea is that everyone will move to this new system and there will be coordination interoperability between those. Everyone's currently using their own systems and their own processes. How do NSW Ambulance systems and communications, duress alarms et cetera compare currently in terms of the infrastructure provided to Ambulance staff compared to, say, the availability of communication technology to the New South Wales police?

**PETER ELLIOTT:** I'm not able to answer that question, only because I don't know, in terms of comparison with other emergency services, so—

**Ms JENNY LEONG:** Okay. No problem.

**PETER ELLIOTT:** I can certainly elaborate on NSW Ambulance and our experience.

**Ms JENNY LEONG:** Yes, that would be great, if you can talk a little bit about what is working and what is not working for you and NSW Ambulance.

**PETER ELLIOTT:** I'm not a radio infrastructure engineer or an electronics engineer—

**The CHAIR:** None of us are.

**Mr ANTHONY ROBERTS:** None of us are. That's the issue.

**Ms JENNY LEONG:** We share that.

**PETER ELLIOTT:** But I am an operational paramedic that has grown up on the road and come through the ranks, so I know the frustration that we can't communicate with the radio, with the control centre. It's also the penetration into buildings. Sometimes if you've got shopping centres or train stations—we know the sites and we've had to put repeaters in to allow the radio communications. The one thing, the day that someone unfortunately has to hit the duress alarm, you want to make sure it works. That's fundamentally being able to communicate and provide information about your patient that you're caring for, and also knowing that someone's there helping you if you really need it.

**Mr ANTHONY ROBERTS:** First of all, Mr Elliott, thank you on behalf of us all for your service to the people of New South Wales over almost four decades and for the fact that you've turned up to this Committee today. You're obviously very passionate about looking after your paramedics in the field. Would it be right to say that the delay in this rollout potentially has put, or continues to put, lives at risk?

**PETER ELLIOTT:** Potentially. We've obviously as part of the risk assessment—and I'm sorry I didn't answer that part of the risk assessment question.

**Ms JENNY LEONG:** That's okay—perfect follow-on.

**PETER ELLIOTT:** There's always risk assessment being undertaken because we need to make sure to try and maximise our communications and our safety of our workplace. We've put mobile phones into every ambulance—two mobile phones, one for each paramedic—as an additional means. The unfortunate part about it, of course, is that where you've got a mobile phone coverage problem you've usually got a radio problem as well. There's always potential about lives at risk at that one time when you can't activate a duress alarm.

**Mr ANTHONY ROBERTS:** Just a follow-up question that I've asked before: If you were to point to somebody who is responsible for the delivery of this, in your opinion, who is the go-to person? Who should we be speaking to as to why there are delays? Obviously there's—you've mentioned COVID, floods, fires and so forth. But who, in your opinion, would be responsible at the end of the day for the delivery?

**PETER ELLIOTT:** I think I need to layer my answer. Obviously the NSW Telco Authority is the program lead on the rollout of the PSN. Each of the government agencies, like NSW Ambulance, does put in a statement of requirements that demonstrates what we need to support our radio and our migration across onto the PSN, and what our future requirements are going to be. Within that, there's opportunity to raise that within a government structure through various committees that are led by the Telco Authority and put forward the information that we need. As the program lead, the NSW Telco Authority has the responsibility for rolling it out. We're a collegial partner in that rollout and do take the steps to try and make sure that happens.

**Dr DAVID SALIBA:** Just a follow-on from that, in terms of your statement of requirements that you've submitted, did you have visibility of the other agencies' statements of requirements? Because we ought to see how that all nested together.

**PETER ELLIOTT:** I don't know whether they are actually shared. They may be. I'm not part of that operational committee, currently. They may share the statement of requirements. The last time that I was involved in it was a couple of years ago in terms of the issue of the statement of requirements. We did meet, and we had quite a tight network in terms of understanding the rollouts so there wasn't a duplication of what was occurring.

**Dr DAVID SALIBA:** Do you feel, given that one of the major tenets of this program was interoperability, that consultation amongst the different agencies pertaining to their unique statements of requirements is, therefore, critical?

**PETER ELLIOTT:** Yes, I do.

**Dr DAVID SALIBA:** I know that you weren't involved much but was there considerable consultation amongst, firstly, Ambulance and the Telco Authority and, secondly, all stakeholders and the Telco Authority?

**PETER ELLIOTT:** I think, yes. There was also the opportunity for each agency that was a partner to CCEP to go through and provide representation to the gateway process. Each year there was an annual review about the progress.

**Dr DAVID SALIBA:** On that, we've spoken about of some the strengths pertaining to the CCEP. Do you have any significant improves that might have been needed pertaining to that?

**PETER ELLIOTT:** Sorry, I missed a word.

**Dr DAVID SALIBA:** Any particular improvements. So we've got the strengths. Are there any weaknesses or improvements pertaining to this program for user requirements?

**PETER ELLIOTT:** There are certainly areas of improvement. Obviously, the delivery of the full PSN at the earliest opportunity, particularly about the forecasted date. I'm just going back a couple of years, given that this started in 2016. My time with the program was 2018 to 2021. Because it was such a major infrastructure project, I have always kept my line of sight on where the program develops. I think one of the key things in terms of improvement for NSW Ambulance is we're moving from radio communications increasingly towards data. As I mentioned before, not one network will be able to provide communications across New South Wales. We'll rely upon the PSN, we'll rely upon cellular and we'll rely upon satellite in different areas to make this work.

At the moment, from NSW Ambulance, we intrinsically are 70 per cent data and 30 per cent voice communications. That is going to increasingly occur as we go forward, particularly with providing a service, as we expect, out in Menindee, six hours out from Dubbo, similar to what's able to be provided here in the Sydney CBD. That's going to require a network, as I said, that is going to be increasingly hybrid in terms of the way we do it. With the advancements in technology since CCEP first started in 2016, there are always going to be advances and changes. That evolution, in terms of the improvement, needs to be picked up and driven through this program to deliver a radio network that is going to meet all the agency needs across New South Wales. That is going to be difficult.

**Mr CLAYTON BARR:** Mr Elliott, this goes back a little bit to Mr Roberts' question about ultimate responsibility here. If I could use one small example, there's the question of authenticated terminals and unauthenticated terminals. It seems that about 42 per cent of the terminals were tested and authenticated. Who does that work? Does Health do the ambulance side and police do the police side? Or does the NSW Telco Authority send people in to do all that authentication on your behalf, and have they stopped doing that?

**PETER ELLIOTT:** I would need to take that question on notice. I'm not actually sure. I'm sorry, I haven't heard of the term before. I'm assuming it's about verifying and testing and who actually tests our radio network.

**Mr CLAYTON BARR:** Yes, 100 per cent—to make sure I can't make one in my back shed that will pick up the bits and pieces.

**PETER ELLIOTT:** NSW Ambulance radio communications are not encrypted at the moment. We need them encrypted. We do have a radio infrastructure unit that does quite considerable testing in regard to our radios to make sure they work and make sure that we have area coverage. One of the reasons why NSW Ambulance is still using Tait portable radios is because they connect to our PMR network and have capacity for the duress alarm. To do the migration across to Motorola means we need the PSN to be rolled out across the State so we have that adaptability and capacity across the area. That is just one of the examples of what our radio infrastructure unit does. It goes out and tests. To actually verify every unit to make sure that it works, I would need to be sure about how that process works to be able to provide a succinct answer to you.

**Mr CLAYTON BARR:** If you wouldn't mind taking that on notice, that would be great—not just whether or not they work but who is responsible for authenticating that this is an actual registered important device that sits inside of our unit.

**PETER ELLIOTT:** Yes, I will take that on notice.

**The CHAIR:** It's more an issue about cybersecurity. Can the terminals be cloned and somebody pretend to be somebody else and hack into the network?

**PETER ELLIOTT:** I realised where that question was going and that's the reason I asked to take it on notice. I need to go back and check, particularly around the cybersecurity, because there's a lot of work being done in this area at the time.

**The CHAIR:** I wonder if I could follow up with a question around interoperability. It is one of the main reasons for having the CCEP in the first place—that different ESOs can operate together and collaborate when there's an emergency. Being such a large user of the PSN at the moment, I wonder if you could give us any sort of reflections or experiences around where different ESOs have collaborated with NSW Ambulance and whether you see any barriers to that. Are there different agencies that don't like to collaborate and that keep things to themselves? Something that was identified in the Audit Office's report on the CCEP was, because the encryption side hadn't been completed sorted out, there would be agencies that, because their data or information is not encrypted, are not going happy for it to be interoperable. I wonder if you have any reflections or experiences about that.

**PETER ELLIOTT:** I am aware that NSW Ambulance has approached NSW Police. We've used some of their radio infrastructure to assist with our radio network, particularly, as I was saying, with the ageing network. We don't use their radio system as such but we use their infrastructure. So rather than put up another tower beside it, for example, if they've got a tower in a place where we need it, they've certainly been very cooperative about helping us. Does that answer your question in full?

**The CHAIR:** Yes. That's helpful.

**PETER ELLIOTT:** I'll just add, I'm not aware of any of the partners in the CCEP program not being cooperative. As I said—and I'm assuming it still happens today—there is collaboration. Quite often the stakeholder group sits down and discusses the progress.

**The CHAIR:** As a follow-up to that, I note there's a legislative requirement that when the PSN is completed, agencies are required to switch off their legacy programs and switch onto the PSN. There's a question about the ongoing operational management of the PSN and the sharing of that critical resource between the different ESOs. Have you had any internal discussions or clarity around the governance arrangements around that, including how it's going to work? What is the resource or financial contribution of NSW Ambulance to the ongoing operations compared to other agencies? Who gets what in critical times et cetera? Has there been any clarity or discussion about that?

**PETER ELLIOTT:** Internal to NSW Ambulance, as part of our mission-critical communications, we have an ICT governance committee that is established that's looking at what our current and future needs are in regard to our radio comms. As I mentioned, data is a big thing on our forefront. Our core user charges, connected to the PSN, have increased quite significantly. It's a two-part answer. One is about the decommissioning of our PMR—which has a cost, obviously—where we need to. Secondly, it's the ongoing costs, particularly the funding requirements to have increasing radio communications and core user charges across the network.

**Mr CLAYTON BARR:** Core user charges?

**PETER ELLIOTT:** Yes, we have core user charges for use of the network.

**Mr CLAYTON BARR:** So if you use it more, you have to pay the network more?

**PETER ELLIOTT:** No, it's actually divided between the four core users currently. NSW Ambulance is currently contributing \$37.5 million annually to use the network.

**Ms JENNY LEONG:** How does that compare to the annual costs that you would've spent prior on the PMR? Leaving aside the challenge at the moment that you're trying to maintain a system that is going to be made obsolete, prior to, let's say, 2015 or 2014, what would've been your annual costs to maintain the PMR network? I'm happy for you to take that on notice. I appreciate that is going back in time.

**Mr CLAYTON BARR:** We'll all be very impressed if you can pull that one out.

**PETER ELLIOTT:** I think I nearly can but I'm not 100 per cent sure of it.

**Ms JENNY LEONG:** I was conscious that you said that you'd been directly involved earlier, so I thought maybe that was potentially—

**PETER ELLIOTT:** No, I can't pull that one out off the top of my head. But if I could use one comparison, though, in 2018 I believe our core user charges for the PSN, which we knew as the EGRN back in those days, was \$8.3 million.

**Ms JENNY LEONG:** So it would be a significantly increased rate to be on the new system.

**PETER ELLIOTT:** Yes, it is.

**Dr DAVID SALIBA:** So with respect to that premium, what do you think the organisation is getting as a benefit?

**PETER ELLIOTT:** It's obviously provided a better radio network in the areas where the footprint is. What I'm looking for—and particularly what every paramedic would be looking for—is a reliable radio network across New South Wales.

**Dr DAVID SALIBA:** So it protects lives.

**PETER ELLIOTT:** Yes, that's it. Protect lives and make a nice, safe and reliable workplace.

**Dr DAVID SALIBA:** Is there a way to measure the effectiveness of it? Are there any other metrics that individual agencies are using to measure that effectiveness and that up-spend from \$8 million to \$35 million, or whatever it is?

**PETER ELLIOTT:** I think the effect measures is a conversation that we're picking up during the course of these questions—if we're paying \$37.5 million of core user charges this year for the footprint while also paying for the legacy of maintaining an aged radio system, winding back that radio system and enhancing new technologies—a reliable radio network—is at least one financial measure. The second measure in that is that if we're able to demonstrate the increase in radio coverage across New South Wales, that is also a measure to show the areas in the growth of that footprint.

**The CHAIR:** I might ask a follow-up question around benefits realisation—the benefits that are gained from being on the PSN. I think, as part of the Audit Office's report, some of those benefits were described as cardiac arrests that are attended to—essentially lives saved. Is there an internal system of tracking those benefits and measuring and reporting them?

**PETER ELLIOTT:** Could I just ask you to clarify your question for me please? I understand about the benefits. Are you asking about the benefits of a radio system that is rolled out or, alternatively, communications? Or how the network actually affects a paramedic that's looking after a patient, on a day-to-day basis?

**The CHAIR:** All of those things. In the 2016 benefits realisation plan from the CCEP, which I assume was connected to the original business case for it, some of the benefits were that improved coverage would reduce cardiac mortality by allowing NSW Ambulance to respond to calls when they are in areas not previously covered by the existing radio and that it would reduce regional road accident deaths by allowing first responders, particularly Fire and Rescue and NSW Ambulance, to respond to calls when they're in areas not previously covered by radio et cetera. So they're quite specific and they're to do with having more area coverage. I guess the question is do you measure those benefits internally? When that sort of situation occurs, is that tracked? Do you say, "Wow, if it weren't for the PSN being rolled out, we wouldn't have had coverage in this area and we wouldn't have been able to attend to this call-out?"

**PETER ELLIOTT:** The measure is based on the radio coverage, obviously, and the growth with the PSN network. The reason why I'm just seeking clarification on the question is because we're still relying on the PMR network in other areas. At the moment we've only got a footprint in the greater metro area and north to Taree, in Illawarra and the hub around Dubbo. So they're the areas that we can measure in regard to the CCEP. We also need to make sure that we're maintaining the PMR network. I understand your question in terms of we're trying to actually see what the demonstrated effective outcomes are for the people of New South Wales. It's only in those areas where I can actually show what the measured benefits are though.

**The CHAIR:** Do you have data that you can share with the Committee about areas where the old radio network didn't have any coverage but, because the PSN through the CCEP has been turned on in those areas, you've have been able to respond to calls? Does data like that exist?

**PETER ELLIOTT:** We've always been able to respond to the calls. It's the radio communications at the end when they're actually on a scene and need to be able to do the transmission to say they are leaving scene and going to hospital and to give a patient report. In terms of the way the 000 calls come through Telstra, it's not affected by the radio communications. The call goes to the control centre. We work on a virtual platform, like an IT platform. The first available emergency call operator takes the call at one of our four geographical sites. Those sites are Sydney metro, Newcastle, Warilla down in Wollongong, and also Dubbo.

So the call comes in, goes to the control centre in the geographical area of the incident and then an ambulance is dispatched from the nearest available resource—an ambulance station or a paramedic crew coming back from the hospital, for example. That is not reliant upon the radio network. What relies upon the radio network is the radio communication between the control centre and the paramedic about their patient—giving a patient report and also the patient report for the hospital if they're transporting a critically injured patient to the hospital so the doctors can be ready for them when they arrive. It's also about the duress alarm functionality.

As the radio footprint expands through the CCEP, we're getting new updated radio infrastructure. However—and this is the reason why I've asked for clarification—we still have a PMR network that we've maintained to make sure that we still have those communications and we've also put mobile phones in each of the ambulances, so each paramedic has one.

**The CHAIR:** So where the legacy radio network doesn't cover, there's potentially a mobile phone in the ambulance that might do the trick. But where there is neither radio coverage nor mobile coverage, then I guess it's a black spot.

**PETER ELLIOTT:** That's correct.

**The CHAIR:** Are there instances where the rollout of the CCEP has specifically covered those black spots and you've been able to cover those new areas?

**PETER ELLIOTT:** I'll just clarify. We have black spots in shopping centres, in hospitals and anywhere there is vast amounts of concrete. I'd just like to put this caveat in: There's always going to be a black spot somewhere. The best option is, though, to maximise the response coverage. In the areas that we're talking about, there would certainly be spots—and I'm happy to provide that information to you if I can—that have demonstrated the improvement in radio communications in the areas where the footprint is.

**The CHAIR:** Yes, I think that would be helpful. I guess we're just trying to get granular and have data around the benefits that the CCEP has brought. Conceptually, and by people talking, I think we understand the benefit that it brings. It would be nice to have some data around those benefits.

**PETER ELLIOTT:** Yes. Maybe a map to show you the coverage—where it used to be, where we had problems and one that actually shows where the enhanced footprint is now?

**The CHAIR:** Yes, that would be terrific, and any maps that show black spots, whether they are in a building because there is too much concrete, as you say, or whether they're just so remote that there is no coverage from anything.

**PETER ELLIOTT:** Yes. Part of the money, the funding allocation, that we received under the CCEP was for black-spot remediation in hospitals. We're putting repeaters in, so they actually go inside.

**Ms JENNY LEONG:** Is that still within the scope of the program?

**PETER ELLIOTT:** Yes, it is.

**Mr CLAYTON BARR:** Inside shopping centres and things like that, do the ESOs pay for the repeaters inside those buildings?

**PETER ELLIOTT:** Yes, it's part of the funding allocation under CCEP, so we pay for them, yes. But we have a funding allocation for them, if we need to put them in. A notorious one we used to have is Hurstville train station—underground, lots of concrete. But I would like to say also that you can have an apartment block that has a similar problem. That's the reason I keep making the caveat. There are always going to be some black spots somewhere; we've just got to try to minimise them and maximise the response coverage so you get signal penetration into buildings.

**Dr DAVID SALIBA:** Are there any other technologies around the world that other services are using to alleviate that?

**PETER ELLIOTT:** There is a, I'll say, misunderstanding with this. The obvious push is satellite. The problem with satellite is you have a canopy of trees, you have smoke, you have anything that—if anyone's got one of those Garmin or location services and you can't get a map, it's because the satellite is not working. As the technologies advance, with more low-flying satellites and they become cheaper, there will be better options around satellite. There is a satellite option called Vehicle Area Network, so in other words you are making the technologies or the ambulance like a mobile wi-fi hotspot. That's one of the reasons why I was saying that NSW Ambulance is going to have an increasing reliance upon data and movement of data through satellite, or more than one network, to maintain the response coverage and radio communications and connection with the control centres across all the areas that we cover in New South Wales. If we're able to provide telemedicine services, for example, from the ambulance to a tertiary-level hospital, then it's going to come across with large data packets across the network.

**Dr DAVID SALIBA:** Has that been fed through to the NSW Telco Authority as another method of communication?

**PETER ELLIOTT:** It's part of the Public Safety Mobile Broadband, about the rollout, because we are obviously going to have a keen interest in the development as it rolls out. My apologies to the Committee if this is incorrect; I know the Telco Authority was once the project lead for the Public Safety Mobile Broadband. I'm sorry if they're still not. But that's essentially the initiative that we're looking for, about what that network is going to be.

**The CHAIR:** We understand that when the CCEP concludes and it's rolled out and the funding ends, new or refurbished buildings may not have in-building coverage. You say you have a black spot remediation program that is being funded now. My understanding is when the CCEP is completely finished in 2027-28 and that funding stops, unless there is a solution for in-building coverage there is going to be a problem with places like Hurstville station, as you said. Are you aware of a risk management plan around this or how this potential issue is going to be managed?

**PETER ELLIOTT:** I'm not aware of a risk management plan as part of the CCEP program. I'm certainly aware of the work that we're doing internally with NSW Ambulance and how we're going to actually step around—we're in 2024 and five years time or four years time is a long time with technologies. As I said, the cellular, the satellite and various other means of networks is certainly the area that we're looking at in terms of being what we are going to do to maintain the coverage in all these areas.

**Dr DAVID SALIBA:** So it's possible that the delay could effectively make this obsolete?

**PETER ELLIOTT:** It won't make it obsolete, from my view. It's certainly going to enhance the radio communications. But as I say, the advances in technologies, as they go forward, also need to pick up the infrastructure in place. The infrastructure about CCEP is mainly about the radio towers and the repeaters, and how we actually use the network. However, there are going to be better ways of doing things and, as the question was asked, there are going to be buildings with concrete that we're not going to get penetration for the radio signal, which means we're going to have to have a second way to do it.

**The CHAIR:** Thank you for appearing before the Committee today. I also thank you very much for your decades of service and being the only ESO appearing before us today. We're very grateful for that. You'll be provided with a copy of the transcript of today's proceedings for corrections. The Committee staff will also email any questions taken on notice from today and any supplementary questions from the Committee. We ask that you kindly return those within 14 days.

**(The witness withdrew.)**

**(Luncheon adjournment)**

**Ms MARGARET CRAWFORD, PSM**, Auditor-General, Audit Office of New South Wales, affirmed and examined

**Mr AARON GREEN**, Acting Deputy Auditor-General, Audit Office of New South Wales, affirmed and examined

**Ms CLAUDIA MIGOTTO**, Assistant Auditor-General, Audit Office of New South Wales, affirmed and examined

**The CHAIR:** I welcome our next witnesses. Thank you for appearing before the Public Accounts Committee today to give evidence. Can you each confirm that you have been issued with the Committee's terms of reference and information about the standing orders that relate to the examination of witnesses?

**MARGARET CRAWFORD:** We have.

**The CHAIR:** Do you have any questions about this information?

**MARGARET CRAWFORD:** No.

**The CHAIR:** Would anyone like to make a brief opening statement before we commence questions?

**MARGARET CRAWFORD:** Thank you, Chair. I will make this very brief. Firstly, thank you very much for the invitation to provide evidence to this inquiry. You would have my submission, which details the audit that we conducted in relation to the management of the Critical Communications Enhancement Program by the NSW Telco Authority. I tabled that report on 23 June last year. The performance audit focused on whether the Critical Communication Enhancement Program, or CCEP, was likely to enhance the NSW government's Public Safety Network to meet the current and future expected needs of emergency services organisations and other essential users. In particular we focused on the NSW Ambulance, Fire and Rescue, police, the Rural Fire Service and the SES.

The audit found that most user needs were likely to be met, particularly in regard to providing wider geographic coverage and greater reliability across the network. However, the audit also found that additional technical and policy work would be necessary to achieve the twin program objectives of enhanced interoperability and greater security. The audit also examined whether the full cost to government of the CCEP was adequately tracked and made transparent to all stakeholders, including to Parliament and the community. We found that the Telco Authority did keep track of its own direct capital cost but that the business cases related to the increasing cost over time were not made public.

The full increased capital cost of over \$1.3 billion, from an initial estimate of \$400 million, was not made public until June 2021. The audit also found that the delays to the CCEP resulted in flow-on costs to the emergency services organisations, which required additional funding from government to maintain their communications capabilities. This resulted in the supplementary costs to emergency services organisations increasing from an initial estimate of \$40 million in 2016 to a forecast \$292.5 million by 2027. This substantial work, directly attributable to the project, is not tracked or made transparent. We have commented on the lack of tracking of whole-of-government costs in respect of other large projects in previous audits, for example in the WestConnex audit.

Another gap we identified was that record keeping around key decisions related to the scope of CCEP was inadequate, particularly around the decision to remove from the program scope a refresh of the paging network used by a number of the emergency services organisations. The importance of maintaining records about key decisions when spending government money has been highlighted in other audits that I have tabled. My submission also points your Committee to other common findings related to accountability and transparency in major infrastructure projects that have been the focus of past performance audits. On that note, I'm happy to take any questions that you might have.

**The CHAIR:** Thank you very much, Auditor-General. Before we begin questions, I wish to inform the witnesses that they may wish to take a question on notice and provide the Committee with an answer in writing within 14 days after receiving the questions. Auditor-General, I assume you have received agency responses to your audit report. Could I ask, generally, are you satisfied with the responses that you have received from the agencies and do you have any reflections on those?

**MARGARET CRAWFORD:** My first reflection is that we made seven recommendations in our audit report, and they were all accepted. But that was really by the Secretary of the Department of Customer Service on behalf of the Telco Authority. In respect of the individual emergency organisations—Claudia, did we receive specific feedback?

**CLAUDIA MIGOTTO:** The individual emergency services organisations weren't subject to the audit. In terms of formal responses, it was predominantly DSC and the Telco Authority.

**The CHAIR:** That was simply that they'd accept all the recommendations?

**MARGARET CRAWFORD:** That's correct. But that was, as we were saying, on behalf of the Telco Authority that was largely responsible for those recommendations. During the conduct of the audit, from my memory, the governance arrangements and the major emergency services organisations involved were quite positive during that process.

**CLAUDIA MIGOTTO:** Yes. That's right. We had quite extensive engagement with relevant ESOs, or emergency services organisations, throughout that process, and that was useful to the audit.

**The CHAIR:** One of the questions that is on everybody's mind that we have been trying to get to the bottom of, and it's difficult for witnesses to be completely frank about, is trying to get to the reason or reasons why the budget and the time frame has blown out so much. Are you able to further elucidate on what's contained in the report?

**MARGARET CRAWFORD:** I'm going to, yes. I was just going to say, I'll defer to Claudia for that detail, with one exception. This is a very large and complex project. It was really quite ambitious, involving so many different organisations. The governance arrangements over the project are pretty complex. But within that context, certainly costs did increase.

**CLAUDIA MIGOTTO:** We go to a range of sources of information around changes to the project scope and extensions of the time frame. While not re-prosecuting, we reiterate in the report some of the findings made by Infrastructure NSW in its earlier review of the project and the business case. It pointed out issues such as significant optimism bias in the mobilisation phase, particularly around acquisition and design of sites.

**Ms JENNY LEONG:** Can I jump in and ask you to explain what that means? I'm not sure what "optimisation bias" is.

**CLAUDIA MIGOTTO:** Optimism bias: The project at that stage was overly optimistic about the time.

**Ms JENNY LEONG:** Sorry, I thought it was a technical term. Thank you. I get "optimism".

**CLAUDIA MIGOTTO:** Initially there were issues around the quality of information around sites. INSW looked at the extended time taken to recruit the required project leadership as well. I think those were some of the initial issues that contributed to extensions in time and cost at the outset. And then we obviously talked to some of the additional whole-of-government costs that are related to the extension of time of the project, particularly the Stay Safe and Keep Operational costs related to maintaining existing infrastructure.

**The CHAIR:** We have seen from your report the initial scope that was budgeted at \$400 million includes 732 set of sites—the scope actually reduced later on. When the cost was increased to \$1.2 billion, \$1.3 billion, the number of sites had reduced to 675. The scope of the sites had reduced, but the cost had significantly increased. Our question, which is really what we want to achieve from this inquiry, is how do we do things better? If government is faced again with a complex technical project such as this one, what are the lessons from this such that, when it's scoped at the very beginning, we don't have a situation where costs triple within the space of a few years?

**MARGARET CRAWFORD:** I'm not sure that we're equipped to answer that question for you. But our colleagues from Infrastructure NSW may be better placed to provide some insights. I could give you the commonsense answer, but it's not based on our audit work so it's best that I don't do that.

**CLAUDIA MIGOTTO:** Perhaps just to add a little bit to that, what we found during the course of our audit is that, in terms of the ESO user requirements, they were reasonably well described and the performance audit found that, with the exception of some issues around paging, which we refer to in the report, and some outstanding matters to be resolved around authentication and interoperability, it will deliver largely to the expected business case levels of coverage and service availability. In terms of meeting user needs, they were well described and likely to be met reasonably well. But, again, I go back to some of the earlier work by Infrastructure NSW, which referred to the business case being overly optimistic and not taking account of some of the inherent complexity around rolling out technology of this scale.

**Ms JENNY LEONG:** Two elements have been mentioned in terms of potential complexity around this beyond the governance and others. One is the negotiations specifically with private landholdings as a potential challenge and the other is in relation to the amount of contracts and companies involved. Do you have any reflections on either of those, specifically in relation to the fact that we're now not looking at a delivery time line until 2027-28, subject to whose version we're at? I think we're talking about delivering by 2027, transfer over

completely in 2028. Given the audit that was undertaken and the fact that those complexities that have been identified remain, from the audit that you've undertaken, do you have any assessment on whether you feel like there is a risk to continued cost and time line blowouts? Or do you feel like they were initial delays that are now resolved and will not continue on?

**CLAUDIA MIGOTTO:** It's hard to be emphatic about that. I think at the time of our performance audit the rollout was around 50 per cent complete and we note in the report that at that phase of completion the project is meeting the expected requirements at that point in time. We do take the revised estimated capital costs in the budget as a given in our overall assessment of what the whole-of-government costs will be. We take that \$1.2 billion as extant at the time of the performance audit. But then we note we project forward to the potential increase in cost for emergency services organisations to maintain infrastructure and other related costs such as the additional paging costs adding to that during that time. On 50 per cent completion, it's hard to emphatically say yes or no, that the project is on track at that stage to be completed within the revised budget by 2027. But certainly at the halfway point, it was meeting its intended expectations and benefits at that point in time.

**Ms JENNY LEONG:** Did you have line of sight when you were undertaking the audit of the operational committee and the specific agencies' requirements, if you like? Being able to then compare what was seen within scope and not in scope and where those changes were made if they were made within the operational committee or whether they were made somewhere else—do you have insight that you can share with us around that? Because our concern is, in terms of where we're looking at this, obviously the reduction in scope, the blowout of the cost—if those are for legitimate reasons to meet the requirements of those emergency services agencies to be able to get what they needed out of it, that's a very different scenario to if there were other issues at play. We don't have an insight into that. I wonder if you did and if you've got any reflections on that.

**MARGARET CRAWFORD:** Again, I'll defer to Claudia, but we did call out the specifics in relation to the reduction of scope for paging. We did look at that in detail. Nobody is quite clear who made that decision is what our report found, and it was subsequently reinstated.

**CLAUDIA MIGOTTO:** I think that's the key one, where we're calling out in the report that we don't have line of sight to scope changes or subsequent scope exclusions. We note that it was in the 2016 business case, in a 2017 review of the project—and then in public reporting it's out of scope by 2020. That's clearly called out in the report. In terms of discussion around how other user requirements were defined and met, I think we call out that the project has reasonably good governance and that there was, at the stage that we were auditing, reasonably good consultation with stakeholders to understand and meet their requirements, notwithstanding that there are still obviously a couple of key project benefits that are yet to be worked through and realised, being interoperability and also ensuring authentication as well.

**Ms JENNY LEONG:** With the operational committee, obviously in terms of the public awareness of the cost blowout and the time blowout that happened later, did you get the sense that there was, within that operational committee or some other kind of committee structure, an awareness of that between the agencies and the Telco and others involved?

**CLAUDIA MIGOTTO:** In terms of the cost blowout?

**Ms JENNY LEONG:** And the time line blowout. Because obviously we've heard the direct impacts on people on the ground offering these services because of the time blowout. I wonder how much our emergency service agencies were involved and aware of the fact that there was a significant delay in terms of the delivery of this project.

**CLAUDIA MIGOTTO:** I might need to take on notice the question around how well emergency services agencies were aware. We certainly provide some information in the report about advice that was provided at particular stages to Cabinet around the iterations of the business case and the transparency to government and within the budget papers around the incremental increases to the cost through that process. But I could come back to you—

**Ms JENNY LEONG:** Thank you. I'd appreciate that.

**CLAUDIA MIGOTTO:** —on the emergency services agencies.

**The CHAIR:** Could I follow up on that and ask whether you had any visibility around the contracting of the commercial arrangements underpinning—so the initial budget was \$400 million. It's a little bit unclear from the documentation we had about whether that was an initial funding allotment from there or whether there was an expectation that there would be more coming or whether that was actually what the people who would be delivering the project had quoted and had contracted to deliver and then, because the costs have blown out, how that process actually unfolded. Was it that the suppliers went, "I'm sorry, we just cannot possibly deliver this

within the budget and within the scope that was originally scoped and therefore we're going to need more money to proceed"? How did it happen?

**CLAUDIA MIGOTTO:** The \$400 million was, if I understand, the original capital costs. It's different from the contract costs, I guess. Because the scope of our audit was to look at whether the ESO requirements would be met and we also looked at the transparency on the costs, I don't think we went into enough depth on management of contracting arrangements, other than to report at a high level about how that worked—to answer the specifics of your question about whether there were costs related to those contracting arrangements that specifically extended the budget and time line.

**The CHAIR:** And why the suppliers weren't held to their original costs—and these are all assumptions, because we have no visibility about what happened, whether there was a tender process, a quote that was submitted, there were contracts on that basis. Then somehow the cost blew out. Whether there were negotiations around that, whether there were any legal ramifications for not being able to deliver the project to budget—I don't know if you have any insight or visibility as to those issues.

**CLAUDIA MIGOTTO:** Again, I go back to INSW's earlier review, which we really use as our primary source to describe the increase in costs or explain the increase in costs over time and it does relate to major optimism bias and poor quality information around sites and so on. Hypothetically that would extend to engagement with contractors, but I think the parameters of the project from that INSW review were inadequately described at the outset. That potentially has had impacts with contracting as well. But specifically related to contracting, I probably can't give you more specific information than that.

**Dr DAVID SALIBA:** Page 12 of your report goes through six reasons pertaining to that delay and increasing costs. I guess I have two questions. Do you have any commentary in relation to that? What was more attributable to the blowouts? Secondly, what mitigation measures could we employ in the future to ensure that something such as this doesn't happen again?

**CLAUDIA MIGOTTO:** I think they all have equal impact in terms of the extension on time and cost of the project. Again, I probably go back to where we started and say that the lesson from this is ensuring that that initial business case is as comprehensive as possible—is as comprehensive around identifying and responding to risks as possible so as to avoid the types of issues that are called out in that INSW report.

**Dr DAVID SALIBA:** In terms of that business case, how long did it take to draft? How long did that take? What were the time pressures to get that out as soon as possible?

**CLAUDIA MIGOTTO:** I'm not sure that we call out that it was drafted rapidly. I could take that on notice. But certainly there were several iterations of that business case over time as well.

**Dr DAVID SALIBA:** Who approved that? Who was the overseeing person or body that oversaw that business case drafting process to get it to where it is? It seems to me that this business case wasn't up to standard, according to the report, and then that's led to a \$1.6 billion, eight-year delay.

**CLAUDIA MIGOTTO:** We give a bit of program history at page 11 of the report. The Telco Authority submitted the business case and the New South Wales Government approved it.

**Dr DAVID SALIBA:** Is it possible to get on notice any information, if you have that—we'll probably ask the Telco for it anyway. That business case, it seems to be crunching on that.

**CLAUDIA MIGOTTO:** Sorry, just to clarify your question there, how long it took to develop the business case?

**Dr DAVID SALIBA:** Yes, how long it took and where did the approvals come from?

**CLAUDIA MIGOTTO:** I can take that on notice. But I flag that I think the information that we have on that is probably as outlined in the report. We report that Telco Authority submitted the business case. We don't really report any significant sort of expediting of that case.

**Dr DAVID SALIBA:** Was that outsourced to consultants?

**CLAUDIA MIGOTTO:** That would be a question for the Telco Authority.

**Mr ANTHONY ROBERTS:** A very good question.

**Dr DAVID SALIBA:** I'm just a bit concerned that the time lags are leading to potential obsolete technology being in use in 2027 and 2028. Do you have any commentary about that?

**CLAUDIA MIGOTTO:** We do briefly note that the potential impacts of the time line extensions to the currency of the technology was a consideration at particular stages through the project. I think the audit finds that

there was adequate consideration of that, and that the technology being used to underpin the PSN will continue to be relevant and has the capacity to work in with other technologies. We do comment on that in the report, but only at a very high level—that it was a consideration and that reasonable steps were made to ensure that the technology would retain some level of currency when other systems become available as well.

**Dr DAVID SALIBA:** Was that in some form of risk management plan you saw in relation to this? Say the business case would have been drafted, there would have been a risk management plan—

**CLAUDIA MIGOTTO:** I think it was a consideration of the project governance committee. I'll take on notice if we can come back with more specific information about how that was actually articulated, if that's okay?

**Dr DAVID SALIBA:** Thank you so much.

**Mr CLAYTON BARR:** At the time of your audit, was the Reconstruction Authority one of the agencies that you considered would need to be able to use this platform?

**CLAUDIA MIGOTTO:** We note that the platform has potentially hundreds of users both within and outside of government. In terms of our own stakeholder consultation—not necessarily saying that this is the comprehensive list of relevant users—we focused on emergency services organisations specifically because they would be the main priority users of the system: police, fire, ambulance and—

**MARGARET CRAWFORD:** SES.

**CLAUDIA MIGOTTO:** SES.

**Mr CLAYTON BARR:** Can I ask the perennial question I think we ask in our Committee of you and your assistants. There are recommendations and some time lines there that come through from your report—"by October 2023, finalise the traffic mitigation plan", "by December 2023 review governance plans" et cetera. For clarification, you in your role don't have any line of sight as to whether or not those targets have been met, is that correct? There's no way for the Audit Office to know?

**MARGARET CRAWFORD:** Not formally. Through our financial auditors attending audit and risk committees, an audit and risk committee may reference our recommendations and their status, but not as a formal follow-up, unless we conducted a whole additional audit again. We rely on you, I'm afraid.

**Mr CLAYTON BARR:** Do we informally know whether or not some of these targets that are behind us already have been met?

**CLAUDIA MIGOTTO:** We haven't conducted any follow-up inquiries of this yet.

**MARGARET CRAWFORD:** As part of the PAC review—although this one may not be included in one of your reviews, given your specific inquiry—we would be looking at the responses from agencies that would be prepared for you and running our eye over that to assess reasonableness of what they are saying. I don't know if our colleagues from Infrastructure NSW may have further insight as well. I don't mean to put them on the—

**CLAUDIA MIGOTTO:** Or the Telco Authority.

**MARGARET CRAWFORD:** Or the Telco Authority itself, of course, who would be able to comment.

**Mr CLAYTON BARR:** Finally, Claudia, you mentioned earlier that it seems that at the development of the business case, in the early sort of planning preparation works, there was pretty clear agreement from the different key agencies about what it needed to do and what it might look like. But we're reading, obviously, in your report that there are still these unanswered questions around governance, interoperability and encryption. Was that just not foreseen at the time of the original business cases or was it not just resolved?

**CLAUDIA MIGOTTO:** There are probably different answers to different aspects there. I think interoperability—so coverage was well defined and on track to be met. Availability is well defined and was on track, at the time of the writing of this report, to be met. Interoperability would emphasise that that is an agreed business case benefit or user requirement between the ESOs and the Telco Authority. We do note in the report that there's ongoing governance required to ensure that benefit can be achieved. I think what we really foreshadow in the report is that it's as much an obligation for the ESOs participating in that discussion about how that's going to work for them as well as the Telco Authority to ensure that it can be made possible as well. That's why we note that the governance arrangements to assist in that collaborative decision-making need to continue forward after the project is completed.

**Mr ANTHONY ROBERTS:** The original business case model that came up with a figure of \$400 million, was there evidence of it being tested?

**CLAUDIA MIGOTTO:** Do you mean testing the technology or testing the assumptions?

**Mr ANTHONY ROBERTS:** No, testing the amount, the figure.

**CLAUDIA MIGOTTO:** It went through independent assurance at a particular point.

**Mr ANTHONY ROBERTS:** Because we're not talking about a 5 per cent variation here. We've gone from \$400 million to well past a billion. At what stage—or was there ever—the test as to \$400 million being a ballpark figure of what it was going to cost?

**CLAUDIA MIGOTTO:** I think we refer to the INSW independent assurance report on the business case to inform our findings in that state because that is the particular role of that organisation—to test and provide insights on any risks for projects moving forward. My colleagues at INSW might want to correct my characterisation of their role in their later session and I'd welcome that. That's what we report. In terms of other challenges to the business case prior to it being approved by the New South Wales Government, I'm not sure that we saw that or can report on it in this report.

**Mr ANTHONY ROBERTS:** Without attempting to lead the witness, Mr Chair, if it was a test, they certainly failed.

**CLAUDIA MIGOTTO:** The total project costs that we estimate potentially being \$2.5 billion are obviously far over that original business case estimate, so it's important to understand the reasons for that.

**Mr ANTHONY ROBERTS:** I think the general feeling amongst the Committee is that we just don't want this to occur again. What are our learnings and have those learnings been translated and distributed and socialised in government?

**MARGARET CRAWFORD:** What you are really referencing is something that we audited way back at the start of my term. At that point, going back to 2016, many large capital projects were going over time and over budget. Recommendations were made right back then around the assurance framework that has been instituted here in New South Wales through Infrastructure NSW and their work. This has been a longstanding issue. There were arrangements put in place to provide the sort of assurance that you're referencing. As always, after that amount of time, it's probably due for a refresh.

**Mr ANTHONY ROBERTS:** With the blowout, if you went out in the street and explained this to people, the average punter would be saying, "That \$400 million sounds like a guess."

**MARGARET CRAWFORD:** It is unusual for an Auditor-General to defend something, but this is such a big and complex project. You're dealing with really large independent agencies. To pull this off is a big thing.

**Mr ANTHONY ROBERTS:** Some agencies have decided not to attend today. Again, we know it's a large project. But when you have a blowout of this magnitude, you've got to ask questions.

**The CHAIR:** It's almost as if because it is such a large and complex project it's so important to get it right. It's not even like you can put in a built-in contingency—whatever the budget cost is and then we'll triple it and that becomes the contingency. It's just not acceptable.

**Ms JENNY LEONG:** With that, the real question is the lack of insight we have and the insight that isn't available in the public. If this is coming from emergency service agencies to say that what is scoped into this \$400 million version is not going to deliver what we need, I think we would all agree that the critical communications is such that we would all want to see that done well, such that people aren't in black spots unable to press a duress alarm and no-one knows where they are. Absolutely, the concern at this point is the time blowout. In addition to that, that means that there is an additional potentially seven or eight years of frontline service workers being left in incredibly dangerous situations.

The issue we have here is that no-one has a line of sight over where that scope changed and whether it was actually a requirement from those emergency service organisations to say, "We need this to be changed in this way. Therefore, we are happy to wear the cost blowout and the time blowout." There seems to be a lack of clarity around that. On that, in this scenario, who do you see has responsibility for ensuring that that business case is delivered and that this program is delivered? Do you see, in terms of how the governance structure is set out, that there is actually a level of accountability or responsibility on the emergency organisations or does it sit wholly with the Telco in terms of that governance structure?

**CLAUDIA MIGOTTO:** I think it's fair to say that the Telco Authority is the agency tasked with delivering the project. Certainly, there are aspects of delivery that require buy-in and very comprehensive collaboration. We talk a lot about interoperability in that sense from the emergency services organisations. In order to achieve the project benefits, they will need to come to the table. But the Telco Authority is responsible for delivering the project.

**Dr DAVID SALIBA:** The Telco Authority leads a \$1.5 billion portfolio of government projects and this program in itself is set to exceed that. The question is was the Telco Authority set up to actually do something that's probably worth 100 per cent more than what they are managing?

**CLAUDIA MIGOTTO:** The INSW early review does go a little bit to project management capability. We just report that as a finding at a high level there. More broadly, about the capability of the Telco Authority, I can't really answer that question specifically. We don't go to it in the report.

**Dr DAVID SALIBA:** The final question I have is on this aspect of transparency. The business case has occurred, followed by a whole bunch of subsequent business cases, which has led to a blowout across the board. Previous witnesses have stated that it could potentially lead to the safety of frontline operators. Do you have any commentary pertaining to this lack of transparency and what we can do to fix that in the future?

**CLAUDIA MIGOTTO:** I need to possibly have a little bit more clarity around what the safety issues being referred to specifically are and how we might have addressed them in the report. Does it go to in-building coverage?

**Dr DAVID SALIBA:** Just everything. Basically, if you have a radio system that's not fit for purpose in 2020 and customers—i.e. these combat agencies—were relying upon that network to conduct the operation and there's that delay and they are relying on old legacy items and that impedes on communications—for example, duress buttons pertaining to ambulance services. There are some significant catastrophic consequences that could derive from that. Is it a concern that we're finding out about it in 2020-21 in terms of this Parliament?—that's a leading question. Do you have any commentary about that and how we prevent that from happening in the future for other projects?

**MARGARET CRAWFORD:** I think it does boil down to the governance arrangements that were put in place. All the key agencies were party to that governance, so it's really that committee that should be calling out those issues. The issue generally, though, of making things transparent is a broader question. Over this period of time, with such large increases in cost and delays, we would always recommend that that be made transparent, not just within government but to the Parliament and the public.

**Ms JENNY LEONG:** More broadly beyond this, recognising that the inquiry is looking at business cases in general and the need to look at that, are there examples of best practice in other jurisdictions or examples that you would see as to how we would ensure more transparency and reporting to Parliament that we could recommend beyond just this specific program?

**MARGARET CRAWFORD:** I haven't got the detail in front of me, but we have reported in previous reports of an example at the Commonwealth level where the Commonwealth Auditor-General does provide transparency over major projects within defence. I'm not sure if it's broader than defence but it's certainly within defence, which, of course, has big amounts of money and often large delays. That sort of regime, where there is some scrutiny and publishing status of major projects, is something that we have recommended in previous reports.

**The CHAIR:** I am conscious of time. We have gone a little bit over. If there are additional questions, we can address them to you with supplementary—

**CLAUDIA MIGOTTO:** Sorry, Chair, do you mind if I add clarity to one of my earlier answers around the reasons for the extension of delays? In fairness, I do need to note that, as noted in the report, the INSW review did occur before the COVID-19 pandemic and the 2021 natural disasters. We accept that they were likely to also impact project time lines and budgets as well, just for the fullness and completeness of those answers.

**Dr DAVID SALIBA:** On that, the program was set to be completed by 2020-21 so I don't think COVID would have a large scope. I imagine the iterative process, in terms of progression—their benchmark should have been well and truly over 50 per cent or 40 per cent or whatever it was.

**CLAUDIA MIGOTTO:** We are certainly not saying that those events explain everything.

**The CHAIR:** Thank you for appearing before the Committee today. You will each be provided with a copy of the transcript of the proceedings for corrections. The Committee staff will also email any questions taken on notice and any supplementary questions from the Committee. We kindly ask that you return the answers within 14 days.

**(The witnesses withdrew.)**

**Mr SAID HIRSH**, Head of Strategy, Planning and Innovation, Infrastructure NSW, affirmed and examined

**Mr TOM GELLIBRAND**, Chief Executive, Infrastructure NSW, affirmed and examined

**The CHAIR:** I welcome our next witnesses. Thank you for appearing before the Public Accounts Committee today to give evidence. Can you each please confirm that you have been issued with the Committee's terms of reference and information about the standing orders that relate to the examination of witnesses?

**TOM GELLIBRAND:** We have.

**SAID HIRSH:** Yes.

**The CHAIR:** Do you have any questions about this information?

**SAID HIRSH:** No.

**TOM GELLIBRAND:** No.

**The CHAIR:** Thank you. Would anyone like to make a brief opening statement before we start questions?

**TOM GELLIBRAND:** I would, thank you very much. Firstly, thank you for the opportunity for Said and me to appear before the Committee. We're here to be as helpful as we possibly can be. Apologies for my throat: I'm non-infectious. It's just a little bit croaky. Infrastructure NSW has a number of key functions. We provide independent advice into New South Wales Government with respect to the privatisation of critical infrastructure. We also provide assurance for major projects' pipelines and the asset base of the State, and from time to time we also deliver specific projects on behalf of government.

Our primary involvement in the Critical Communications Enhancement Program CCEP has been through our infrastructure investment assurance function. The assurance process considers everything from business cases all the way through delivery and finishes essentially at the business benefits realisation phase of the project when the projects have been fully commissioned and they are in operation. The assurance process itself we report directly into Government's Cabinet area and, as such, much of the work we do around assurance is captured by Cabinet-in-confidence principles.

Beyond our important assurance role we are also responsible for preparing the State Infrastructure Strategy, which normally occurs on about a five-year cycle, but frequently we will bring that forward at the request of government, and that is often in response to a change in circumstances that the State may be facing. That State Infrastructure Strategy is a key document in terms of setting the overall direction and approach to infrastructure delivery within the State, and the CCEP has been identified as a key resilience initiative within the SIS. As noted in our submission, best practice for the scoping and delivery of projects is to identify specific infrastructure requirements within the planning phase. That is up-front—making sure you get it right before you start. And in terms of what we are talking about generally today, that is being implemented through the Digital Connectivity Principles Policy, which INSW has been involved with and is a Telco document. I think, moving forward, we are in a much better space than perhaps we were some time in the past. In terms of an opening statement, that is where I would like to start and, of course, we are happy to take any questions that you may have.

**The CHAIR:** Thank you very much, Mr Gellibrand. We will now move to questions from the Committee. Before we begin the questions I wish to inform the witnesses that they may wish to take a question on notice and provide the Committee with answers in writing within 14 days of receiving the questions.

**Mr CLAYTON BARR:** Can I just ask one question of clarification?

**The CHAIR:** Of course.

**Mr CLAYTON BARR:** Because of the Cabinet-in-confidence knowledge and information that you have shared in the past, will that in any way limit your ability to answer questions today?

**TOM GELLIBRAND:** It will, but my intention would be to help you as much as possible.

**The CHAIR:** Good question. Could I start by asking whether Infrastructure NSW was involved in assurance activities on the initial business case for the CCEP?

**TOM GELLIBRAND:** My understanding is yes. I have been chief executive since October last year—so only five months in that role—and prior to that I wasn't directly involved in any assurance activities, so I don't have a direct knowledge. But I understand that since its inception Infrastructure NSW has undertaken about 17 separate assurance reviews in terms of the CCEP.

**The CHAIR:** In respect of the initial business case, what would those assurance activities have consisted of?

**TOM GELLIBRAND:** We can definitely talk generally about this, because a proponent will come forward with a business case for a particular element. It is absolutely critical that you understand what the objectives are. What problem are you trying to fix? Do you have a good understanding of the scope? Have you got some sort of preliminary design in place? What level of acceptance does that approach have with key stakeholders? In this case it would be the emergency service organisations. How does it resonate with government? Have you got general acceptance from the right people about what it is you are doing? Do you know enough about the proposition so that you can come up with some reasonably robust cost assessment? Do you actually understand what the likely costs will be? That goes to understanding the planning approval pathway you may have to go through, understanding what sort of property you may need to buy, and definitely having an understanding of your service outcome. Is it a fully-automated metro? Is it a pre-fabricated school? Is it microwave technology? Is it copper wire? Really understanding what those technical requirements are and getting a good understanding of the cost estimate is critical, as well as a reasonable understanding of what the program might be.

When you are working out programs and working out costs, it is very important to engage with industry. Something that NSW has always encouraged infrastructure providers and agencies across the sector is to make sure—what does industry think about these sorts of proposals? How would they like to see it procured? Are they interested in tendering as well? In some cases agencies will progress with projects where there isn't a great deal of interest in the private sector in the delivery area. 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." Therefore, you have spent many millions of dollars that hasn't gone anywhere. So there has to be a balance at the front end. You have to be clear enough in terms of what you're trying to achieve and have enough information to help government make an informed decision as to whether or not it wants to progress. We often express those in terms of degrees of probability. People often talk about P50s and P90s—a 50 per cent probability that you're going to get the numbers right or wrong, and that probability will increase the more you know about the project.

If I may continue a little bit more, it goes to an issue that we have seen over time, and this is definitely not pointing the finger at any government or anyone in any way, but, in the past, announcements have been made around projects probably before there was enough known about that project in terms of time and cost. A few years ago NSW—and I wasn't involved directly—prepared material that was ultimately signed off by a Premier, which was a Premier's Memorandum. I think it's called—I don't know if I've got the name exactly right—the timely announcement of infrastructure budgets and programs, and it was advice that we provided to the Government that said, "Yeah, sure. You've got to make sure the people know what you're doing, and it's important that the community is kept involved with projects as they're talked about and they start to manifest. But please don't do it too early, because it makes it really difficult for projects to sometimes recover from that if you've said, 'I think we can do this in X number of years and we think it's going to cost X dollars.' If that occurs too early in the piece, the expectations have been set in a particular way, and from that point onwards it can be quite difficult to explain to the community why things have changed in terms of delivery or cost."

**Dr DAVID SALIBA:** Did that happen here, Tom, with respect to the CCEP?

**TOM GELLIBRAND:** If I answer it generally, which is the best way of protecting my Cabinet-in-confidence requirements, the project ultimately ended up being a four-stage project, and I think that initially that wasn't considered to be the case. At the beginning, when some of the announcements may have been made, I don't think how the project was going to be delivered was probably understood well enough. But I can't comment; I don't actually know enough of the history as to whether it was announced prematurely or not.

**Dr DAVID SALIBA:** Just on that, do you know how long the work was conducted to do that initial business case?

**TOM GELLIBRAND:** My instincts are that Telco would be much better to answer that in terms of when they started planning and when they finished relative to the \$400 million announcement. I wouldn't know.

**Dr DAVID SALIBA:** You said you conducted 17 reviews. Do you know how many business cases exist for the CCEP right now?

**TOM GELLIBRAND:** No. I am aware of at least two. Those 17 reviews—we have reviews around business cases. We have six-monthly health checks, and we also review projects at certain gates, which are: when you are getting a business case approved; when you are going out to the market; when you are about to let a contract; when you are in that testing commission phase; benefits; and realisations. There are a number of gates

where you always have assurance reviews, but we also generally do them every six months as well, on top of that. For long projects it is not unusual to have up to 17 reviews.

**Dr DAVID SALIBA:** How much would a review cost?

**TOM GELLIBRAND:** It varies. Some of the reviews that I am aware of are just a day and a half. A six-month health check might just be a day and a half with two reviewers. They will go in and meet with relevant people from the agency, give them pre-prepared questions and terms of reference and request certain information. The information comes in to the reviewers beforehand, so the expectation is they would spend a day or two reviewing all of the material, and there would be a day to a day-and-a-half interviewing all the relevant people and then another day and a half preparing reports. You could see them spending up to four to six days per review. Some reviews are much larger, though. If you're talking about a Sydney Metro project, it can be weeks.

**Dr DAVID SALIBA:** We don't outsource any of that, do we? That's conducted internally within Infrastructure NSW?

**TOM GELLIBRAND:** Infrastructure NSW manages them all, but I think one of the ways that we can attest to the fact that we are independent and can provide independent advice to government is that our reviewers are outside of government. We have a panel of reviewers and we refresh that quite frequently. We have experts in transport, cultural facilities, sporting facilities, procurement, costing and programming. When a project comes in—let's say it's for a gallery—we'll make sure that someone has experience in cultural institutions in terms of defining and operating them. We'd also have someone with cost planning or procuring experience. Depending on the nature of the project, you might have someone who has construction experience.

**Dr DAVID SALIBA:** On that, then, from 2016 to 2020, there were a couple of business cases done. I'd imagine there would have been a couple of reviews conducted too. I'm correct in saying that these were outsourced to the private sector. There will be a cost associated with that, no doubt. I have two questions. Do you know who drafted the business case? Was that outsourced or not?

**TOM GELLIBRAND:** I'll have to take that on notice.

**Dr DAVID SALIBA:** The question I'm trying to go down to is, if it was outsourced, were the same people who conducted the initial business case or the follow-up business cases reviewing the projects.

**TOM GELLIBRAND:** I'd be 100 per cent sure that that wouldn't be the case, but because I don't have the facts before me, I'll say I'm 99 per cent sure and take it on notice. That is absolutely critical. The outsourcing that you refer to in terms of business cases does happen from time to time, but we never outsource assurance. INSW definitely owns the assurance process. It's just that we use non-public servants to assist us with our review.

**Dr DAVID SALIBA:** I would imagine this would be a very niche field that would have a very niche amount of companies and experts that would be able to review this. That's the reason why I bring it up.

**TOM GELLIBRAND:** We have quite a lot of people on our review list. When I say a lot, I mean more than 250 individuals. They are people. There is lots of grey hair. They're people who have been involved in projects and have a lot of experience in certain sectors. But it is our assurance, and they'll report to us and provide their reports. It is really important that we do have those experts assisting us with our assurance process. I think if you were to engage with public servants, it would be potentially quite complicated, because some public servants have worked in a variety of agencies. Are they suffering from some bias? Do they know someone from another agency?

It would be quite a difficult thing to manage, whereas all of our reviewers have to sign up to codes of conduct. Each time they conduct a review, they also have to declare whether or not they have any interests and whether or not they or any members of their family have any involvement with people involved in the subject matter. So if Deloitte had prepared a business case for Telco, which I think it is getting to your point, and one of the reviewers had worked there or had a relative or a close personal association with someone there, they'd have to declare that, and we'd assess that to determine whether or not the conflict was real or perceived.

**Ms JENNY LEONG:** Just to clarify that, Mr Gellibrand, in relation to the individuals that are part of the panel and the independent assessment process, they're in that capacity as individuals with expertise. You're not going to an external consultant or provider to provide that expertise.

**TOM GELLIBRAND:** Correct.

**Ms JENNY LEONG:** So they're not coming as someone who has expertise within an existing consultancy firm.

**TOM GELLIBRAND:** Absolutely.

**Ms JENNY LEONG:** There's a list of independent panellists, whereas potentially the business case was or wasn't prepared by an external private consultant.

**TOM GELLIBRAND:** The entries would appear as, "Mr Clayton Barr, mining expert." He would be an individual.

**Ms JENNY LEONG:** If there are 17 assurances that have occurred during the CCEP so far, does that mean that, if you have two panel members independently looking at each of these stages, we're talking about the same two people for this specific project? Or are we talking in the order of 20 to 30 individuals who have been looking at this and reviewing it since the initial business case? And at what point did someone flag that we were to this level of cost and time blowout? At what number of individual panellists did someone flag or alert some concern around the delivery of this program?

**TOM GELLIBRAND:** In terms of the number of reviewers, there would be more than the two or three. It's a really important thing for our assurance reviews to make sure that we are getting to the heart of the issue. We need to have people who are suited to the phase of the project. Up-front, you're more likely to see people who are involved in project definition, business case preparation, benefits and things like that. But then when you're going into procurement, you might like to have someone on your panel who has a lot of procurement experience, understanding the market, the forms of contract, contract risk and all of those sorts of things. That's really important. So it will change.

In terms of the actual number of reviewers who would have been involved in the assurance of the 17, I'd have to take that on notice. It's a question that I would like to be able to answer for the panel. But it would definitely be more than the two or three, and it could be, as you say, 10 or more. We'll take that on notice. The second element of your question is, as I understand it, as we have gone through our review process, at what time did we become concerned with the performance of the project. I think we might be able to answer that generally, but I'll take it on notice because I'm not familiar with the outcomes of those 17 reviews.

**Ms JENNY LEONG:** Maybe add this in, then, if you're taking it on a notice. I will not put pressure on you to answer it now. If there were initial reviews done of the business case such that later it was found that the business case was not quite up to scratch, the concern is that if the same people are involved in providing those assurances, then the risk is that they are, in effect, assessing their own work initially of how well they assessed the business case to start with. What I'm concerned about is if it's a similar group of people throughout, then issues not picked up at the beginning may be things that you're less likely to want to highlight later, because you were involved in the initial stages. I'm just keen to know how that process works in terms of the individual panellists and the role of Infrastructure NSW. If it wasn't identified early on that the scope of the business case wasn't accurate and that the details weren't there, but they've been allowed to move to the next stages of the project with support, how do we ensure that people aren't providing protection to their potentially bad calls at the beginning.

**TOM GELLIBRAND:** Okay.

**Dr DAVID SALIBA:** Isn't there a governance process there pertaining to if you conduct an audit or an assurance review that you are not to conduct subsequent ones.

**TOM GELLIBRAND:** No.

**Dr DAVID SALIBA:** So that's not in place. Is there a risk management plan attached to that to show that has a potential risk? Is that somewhere?

**TOM GELLIBRAND:** Maybe if I take a step back and explain to you in a bit more detail how the assurance would work. Project A comes along. It's at the business case stage. We look at the nature of the proposal. It's an extension to a major road. We would look at our list of experts and say, "Who would be good for this stage of the project to provide assurance support for that?" And we'd pick two or three people to do so, based on their skills and experience. They'd go through the process I said before—interviews, collecting documents, reviewing and preparing reports. Those reports then come into INSW. We do a quality assurance check on them, and within our organisation we do have people of a high calibre that say, "You're telling me everything is okay, seriously? How could everything be okay?" Nothing's ever okay. There's always one issue or other. We always do an instinctive check. The reports, when they're a reasonable draft, they go back to the agency as well for fact-checking, because it is important that, if we've made an error or haven't quite understood something appropriately, they have an opportunity to respond. Then they're finalised.

The agency can do a check and balance, but INSW also does that as well, and probably the converse, if anything, in my experience. I've been at Infrastructure NSW for about four years but focused on delivering projects. As chief executive now I look across the organisation, but prior to joining Infrastructure NSW, I participated in the assurance process when I was working on projects at Sydney Metro. My observation was the

opposite. My observation was that when we go into those assurance processes, you are brought to task, and there's no question about it. There are very few things that aren't addressed or uncovered. It's a very rigorous process. We often get not complaints but inquiries from government about how perhaps we're being a little bit overzealous in some of our inquiries. It's actually probably the opposite of maybe what you're thinking.

**Ms JENNY LEONG:** I just wanted to clarify, who is accountable or responsible for ensuring that the business case is correct? Is it the Telco? Is it Infrastructure NSW? Where would that sit? If we're going back to where that is at, where does this responsibility sit and ownership sit as to the accuracy of the business case?

**TOM GELLIBRAND:** I think that is a very good question and, again, like the Auditor-General said, I don't want to throw anyone under the bus, but it should be with the agency. It's the agency's business case and the agency is attesting that this business case, as far as it knows it, is as good as it can be. We'll then do a review. If we believe it's inadequate or could be improved in any way, we, through our reviewers, will document that in a report which goes to the agency. It also goes through to government. So now you have Cabinet Ministers and the Premier actually looking at reports saying, "This report tells me, Treasurer"—or whoever might be at the table in the Cabinet room at the time—"that there are a few issues here. What are you going to do about it?"

**Ms JENNY LEONG:** Can I just clarify, sorry, because, given where we're at, when you say it goes to government, it goes to the responsible Minister or Cabinet?

**TOM GELLIBRAND:** It goes to Cabinet, sorry—thank you. So there's a Cabinet process that gets access to this information. That's a Cabinet process, and then we work with the agency and we say, "These are our recommendations," and then a close-out plan is prepared. It's a fairly simple document, essentially; it's like a spreadsheet which has all of our recommendations in the left-hand column and then in the right-hand columns the agency has to say what they are doing about it and when that action is going to be complied with. Each time we do a review, at the beginning of our review we say, "Last time we met, there were 10 actions. You said you were doing all these things. Where are we up to?"

**Mr ANTHONY ROBERTS:** To the point that you made, I think this is critical that we need to go back to the original source document or the business case where you had \$400 million. Why did they get it so wrong? Having been in that Cabinet meeting at the time and not speaking outside of Cabinet, can I say that the questions would have been raised if we were talking about the figures now. Quite often agencies, in my experience, to get government on the hook, will cook the books. Once you're on the hook, it's easy sailing. You just go back for more money. The government doesn't want to see something fail. Did this come with a P50 or a P90 or a P5? It sounds more like the \$400 million—probability would have been at like 0.1 per cent of actually delivering it on \$400 million. Where was the failure in the system not to pick up what is obviously a major underestimate of the cost of the project?

**TOM GELLIBRAND:** I think I have to take that question on notice. The Auditor-General did get an approval to release some of the information that was included in one of the Infrastructure NSW reviews, which identified six particular things. All of those six things are the types of things that will drive increases in costs, delays in program. For your reference, I'm just looking at a bit of paper which has an extract from the Auditor-General that was picked up out of an INSW report. If you ask me, "Are those six things likely to have negative impacts on a successful project?" I'd say, "Absolutely." Any project that is impacted by any of those six will encounter significant difficulties in terms of budget, time and meeting the expectations of the client agencies—in this case the ESO. I'm trying to answer it in a way that also doesn't—

**Mr ANTHONY ROBERTS:** I think you're being very fair. However, I have those six before me here and those six don't add up to \$800 million.

**The CHAIR:** And potentially more if you have the whole-of-government costs.

**Dr DAVID SALIBA:** A 400 per cent increase is \$2 billion.

**Ms JENNY LEONG:** Two billion plus.

**Dr DAVID SALIBA:** It's a 400 per cent increase.

**Ms JENNY LEONG:** Plus from what we've heard today.

**Dr DAVID SALIBA:** Yes, it'd be more than that by the time 2028 kicks in.

**TOM GELLIBRAND:** At a general level, I believe the scope changed from the initial thinking. The scope changed in terms of the spacial penetration of New South Wales as well as the number of people that would be covered by the network—population. So I think that was one change, which I think is broadly known. And I think from the original manifestation of the project, it was then broken into stages, which may account for why it has taken longer.

**The CHAIR:** I had the same question as Anthony. I feel like we're dancing around the seminal issue. As Mr Roberts said, not just how did the agency get it so wrong or the people who wrote the business case, but how did the assurance go so wrong at that initial stage, given that there were experts involved, specific experts assigned to this task? By all accounts, it's a rigorous process. How did we get it so wrong and how do we make sure that it doesn't happen again? What changes to the system are required so that we are not faced with a similar situation?

**TOM GELLIBRAND:** What I was trying to say before, when we do write a report and it does have adverse findings or quite critical recommendations, we don't implement those recommendations. We make them. We'll speak as loudly as we can, as clearly as we can with our independent voice, but it's up to government, it's up to Ministers and, in some cases, it may be up to the agency as to whether or not they take them on board. I'm not aligned with your characterisation that perhaps INSW failed; it is more a matter of perhaps our recommendations weren't followed by the agencies.

**Dr DAVID SALIBA:** So you have this business case that we still don't know who drafted but just the Telco Authority was the approver of that. What was the process there to be assured by—by Infrastructure NSW—that business case?

**TOM GELLIBRAND:** Correct.

**Dr DAVID SALIBA:** They've advised you, "This is our business case." You've then looked at it and said, "This is good to go." That has then gone to Cabinet. That had funding pertaining to \$400 million and a whole bunch of sites et cetera, and then from 2016 to 2020 there has been a whole bunch of assurance checks and some time there something may have been flagged, and then in 2021-2022 it becomes public that it has actually blown out 400 per cent-plus, items were taken out, the scope of works has changed et cetera. I guess it all comes back to that first bit. Who is accountable for that?

**TOM GELLIBRAND:** Accepting the business case is definitely a decision of government. They are the ones that approve the business cases; it'll go through a Cabinet process.

**Dr DAVID SALIBA:** But Cabinet would have to take advice from the agency.

**TOM GELLIBRAND:** Correct, and I'm 100 per cent sure that every single assurance review that we have ever done has recommendations attached to it. They all have recommendations and they can be critical recommendations. There are different categories. Our assurance review of that initial business case would have been subject to a number of recommendations.

**Dr DAVID SALIBA:** And that would have gone to Cabinet.

**TOM GELLIBRAND:** Yes.

**Ms JENNY LEONG:** And to the agency.

**TOM GELLIBRAND:** Yes. Just speaking generally, we may make a recommendation to an agency that they bolster their project team, they engage a project director with relevant experience deploying roads of \$1 billion or more. It's up to them to act on it.

**Dr DAVID SALIBA:** There's an issue of transparency there then. You make these recommendations and it goes to the agency. What you're saying is the agency could purely ignore that, and the public and the Parliament would not know any better.

**TOM GELLIBRAND:** When we make our recommendations, they go to the agency and into government, so the Cabinet is absolutely aware of the reviews that were undertaken and the recommendations we make. And INSW has and continues to have an active engagement with committees of government. In this Government we attend Expenditure Review Committees. I think I'm allowed to say that I go. In the past Government there was an infrastructure committee of Cabinet as well that we used to attend.

**The CHAIR:** I'm just conscious of time. This session was originally scheduled for 30 minutes. Why don't we move on from this particular line of questioning? I had another, very specific question. In 2019 Infrastructure NSW recommended that the NSW Telco Authority conduct a stocktake of costs, such as Stay Safe Keep Operational Program costs, so that the whole-of-government cost impact was available. Are you aware at all of the status of that recommendation, whether it was acted on?

**TOM GELLIBRAND:** I'd have to take it on notice.

**Ms JENNY LEONG:** More generally, Mr Gellibrand, recognising the limits of what you can share and not share, do you have thoughts around either best practice in other jurisdictions or other ways we could ensure better oversight? It sounds like, from what we're saying here, there's a possibility that business cases are prepared

and Infrastructure NSW will go through an assurance process, which will provide recommendations to both Cabinet and the proponent or the agency delivering the infrastructure project, but those recommendations may be such that you have serious concerns about the state of the business case, the circumstances of the governance of the project, the cost blowouts or other things but there is no public awareness of that. I think people would wrongly assume that an assurance by Infrastructure NSW and a move to the next gateway would suggest that you're satisfied with that and that is the check and balance in place. It seems like, from the discussion we've had today, that's not the case. Do you think there are ways we could improve more generally? How does that process work to support the work of the independence of Infrastructure NSW to make those assessments?

**TOM GELLIBRAND:** I think there have been some improvements in transparency. The summary business cases now will be published for each project. I think our plan is to publish them within two weeks of the Government decision, so that information will be publicly available. That will reveal to the community at least the summary business case. The actual decision to make these investments rests with government. It always has and I expect it always will. It's an important feature of government.

**The CHAIR:** In addition to the summary business cases, do you track over time the realisation of the benefits that are flagged in the business case?

**TOM GELLIBRAND:** Yes, we refer to that as gate six, which is the last of the gates that projects will go through. It's the benefits realisation gate. I'm happy to talk about it a bit more, but it's of absolute interest to NSW Treasury—always has been, always will be—because a business case is a promise: If you give us this money, we promise to give you this outcome. We'll give you coverage across New South Wales or we'll give you a world-class metro, and all those sorts of things. It's absolutely critical that we do check at the end of a project to make sure that the taxpayers have essentially got what government approved. We do go through that process but we don't do it alone. Treasury is particularly interested. As part of that gate six process, you're also picking up important lessons learnt that can then feed into the works of agencies the next time they're doing a similar project.

**The CHAIR:** Is that tracking of benefits reported publicly? Can the public access that information?

**TOM GELLIBRAND:** It goes via the same process into Cabinet—so, no, is the short answer.

**SAID HIRSH:** But it's a bit novel in the sense that the assurance process has been around for a long period. A lot of the projects where you would want to look at benefits are when they become operational. If you look at the investments over the past 10 years, not many of them—or at least a lot of them have, but it takes a while to track the benefits and report on them, I think.

**The CHAIR:** So it would be possible, maybe not probable, that in addition to the publication of business case summaries, you could also have a publication of benefits realisation and tracking against metrics—tracking against the business case over time—as a project is implemented?

**TOM GELLIBRAND:** And for some projects, I think, at a high level you could probably work that out as a member of the public. Once the business case summary is published—and if I go back to my metro example, there's a promise that it's a "turn up and go" service: world-class metro, fully automated service every four minutes. Then when it's up and running, once you've gone through the period of settling in, you just stand there and go, "Hey, it's coming every three minutes during the peak. How good's this?" School enrolments are the same thing; if the promise was a school, or 400 preschools over a certain number of years, you can actually track delivery of those things. At a high level, I think there is a degree of transparency. You can go back to the original business case, look at what the promise was and see if that's what you've actually got. But there's also a lot of other detail in business cases that would require a greater deal of transparency. I acknowledge that.

**SAID HIRSH:** Probably broader is the performance of government services and government assets, which we're becoming a lot better at measuring. Projects are one side of it, but more broadly across the assets that government owns, I think we're getting a lot better and more transparent at how that is communicated to the public.

**The CHAIR:** Thank you for appearing before the Committee today. You will each be provided with a copy of the transcript from today's proceedings for corrections. The Committee staff will also email any questions taken on notice from today and any supplementary questions from the Committee. We kindly ask that you return these answers within 14 days.

**(The witnesses withdrew.)**

**Ms KIRSTY MCKINNON**, Executive Director, Program Delivery, NSW Telco Authority, before the Committee via videoconference, affirmed and examined

**Ms LIZ LIVINGSTONE**, Deputy Secretary, Policy and Budget Group, NSW Treasury, sworn and examined

**Ms CASSANDRA WILKINSON**, Executive Director, Transport Infrastructure and Investment, NSW Treasury, sworn and examined

**The CHAIR:** I welcome our next witnesses. Thank you for appearing before the Public Accounts Committee today to give evidence. Can you each please confirm that you have been issued with the Committee's terms of reference and information about the standing orders that relate to the examination of witnesses?

**LIZ LIVINGSTONE:** I have, thank you.

**The CHAIR:** Do you have any questions about this information?

**LIZ LIVINGSTONE:** No, I don't.

**CASSANDRA WILKINSON:** No.

**The CHAIR:** Would anybody like to make a brief opening statement before we start questions?

**LIZ LIVINGSTONE:** Treasury doesn't propose to make an opening statement, but thank you for the opportunity.

**The CHAIR:** Would the NSW Telco Authority like to make an opening statement?

**KIRSTY MCKINNON:** No, thank you. I think most of what we can say is in our submission. I'm happy to use the time to answer questions.

**The CHAIR:** I might hand it over to the Committee to ask any questions.

**Dr DAVID SALIBA:** I will start. I guess my whole crux here just relates to the initial business case. We were speaking to the Auditor-General pertaining to her office's report. The business case had an initial expected capital cost of \$400 million; that's obviously increased to in excess of \$1 billion. They have stated a couple of reasons pertaining to that. My first question is: Who drafted the business case?

**KIRSTY MCKINNON:** This predates my time at the agency, but I do understand that the program was funded in multiple phases across a five-year period and the business case was drafted and submitted by the NSW Telco Authority each time.

**Dr DAVID SALIBA:** Was that outsourced to any particular private provider?

**KIRSTY MCKINNON:** I don't have all the details to hand, but I know that in the final business case in 2021 the cost modelling was outsourced to a consultancy and also verified by another independent, but the creation of the business case was under NSW Telco Authority.

**Dr DAVID SALIBA:** Can we get on notice information pertaining to the business cases and whether or not they were outsourced and if they were, to which particular providers, if that is possible?

**KIRSTY MCKINNON:** Sure.

**Dr DAVID SALIBA:** On that, how many business cases are there now for this program?

**KIRSTY MCKINNON:** There are four business cases.

**Dr DAVID SALIBA:** Do you anticipate any subsequent business cases for the duration of the program?

**KIRSTY MCKINNON:** At this point in time, no.

**Ms JENNY LEONG:** Thank you so much for appearing today for the inquiry. Ms McKinnon, throughout the submissions we've received and the evidence we've heard today, there's been reference to operational committees, governance committees, project control groups and project steering committees. It's also been made clear that the Telco is responsible for the overall delivery of the project—recognising that there are key emergency agencies. Are you able to take on notice and share with us the structure of the governance model and where decisions around changes to the scope of the business case, delays in the project and cost blowouts would have been reported and shared or discussed within those agencies? It is hard to have a line of sight over where or why those changes were made and it may be that that becomes clearer if we have more of a sense of the governance structure or where that is. Or perhaps you're able to provide more insight into that now because at the

moment it feels unclear as to where those decisions were being made as things were delayed, the cost was blowing out and the scope was changing.

**KIRSTY McKINNON:** Sure. Why don't I do a summary now and I could also provide you more information on notice.

**Ms JENNY LEONG:** That would be most appreciated, thank you.

**KIRSTY McKINNON:** The program reports into a monthly steering committee and that is comprised of all five emergency services organisations and NSW Treasury. In addition to that, our governance model includes regular updates to our Minister's office, Treasury and Infrastructure NSW and then we also undertake the proposal assurance that INSW has just taken you through once or twice a year, as well as participate in a lot of ad hoc reviews such as the ones by NSW Audit Office or our internal audit and risk committees.

**Ms JENNY LEONG:** In providing those updates and the discussions at the steering committee, are you able to provide any insight into where the changes in the scope for the project were decided? From what we understand from the Audit Office information and from an additional business case into specifically around the paging network, I believe, the scope was changed significantly. Did those discussions and decisions come out of the steering committee? Was that something that came as a result of the concerns around the budget allocation? Where were they initiated?

**KIRSTY McKINNON:** Again, this predates my time. For some context, I joined this role about 18 months ago but I do understand that paging was removed from the final business case. I will need to take on notice the reasons why, but I know that all emergency services organisations were aware of that decision before the final business case was submitted.

**Ms JENNY LEONG:** But now there's a different business case being delivered by the Telco to deliver that paging network service, is that right?

**KIRSTY McKINNON:** Correct. I think both NSW Telco and ESO have remained really committed to delivering a paging solution but it's separate to the Critical Communications Enhancement Program.

**Ms JENNY LEONG:** Can you give us a sense of how many private companies or consultants are currently engaged in the delivery of the CCEP? I'm happy for you to take this on notice as well but also whether or not they are the same companies that were engaged initially or whether there's been change in terms of who is delivering on this program and who's being used as consultants on this program?

**KIRSTY McKINNON:** Sure. We have one major supplier—our delivery partner—and that supplier is different from the original delivery partner on the program. We also use about three to four main I will call them build partners or build vendors, and they're the people who actually go out and build our sites. In addition to that we have equipment contracts with 10 to 20 different suppliers as well, but I would have to take that on notice.

**Ms JENNY LEONG:** When did the change of the major delivery partner happen?

**KIRSTY McKINNON:** I will have to take that on notice.

**Dr DAVID SALIBA:** You might have to take these on notice. Firstly, who approved each business case within the Telco Authority and subsequently outside of that? How much did each business case cost, given that there is potential for it to have been outsourced? What were the risks that were identified within those business cases and assurances? I'd imagine there'd be risks there.

**KIRSTY McKINNON:** Yes.

**Dr DAVID SALIBA:** Who was informed of those risks—for example, were the combat agencies, was government? Who was informed of those risks?

**KIRSTY McKINNON:** Would you like me to start? This is a lot to remember. Would you like me to answer them one by one now? I think it would be a good idea. What was your first one? Could you repeat the first one for me?

**Dr DAVID SALIBA:** Who approved each business case?

**KIRSTY McKINNON:** The business case goes through the Cabinet-in-confidence approval process. It would've been approved by the NSWTA managing director at the time, gone up through our secretary and Minister and through INSW and Treasury and then into Cabinet for the final decision-making process.

**Dr DAVID SALIBA:** I know that 2021 was outsourced but in terms of the other business cases, do you know approximately how much they cost?

**KIRSTY McKINNON:** That is the one I will have to take on notice, sorry.

**Dr DAVID SALIBA:** Were there any risks identified, particularly in that first business case?

**KIRSTY McKINNON:** Absolutely. Great question. There were a whole lot of risks identified and it was noticed that the risks of the early cost estimates—because they were estimates—included things like longer than expected time frames to identify and complete the sites required; ease of access to sites, and that talks about things like being able to physically access a site in a very remote part of New South Wales; inclement weather; and the volume of equipment required. All of these risks, plus others, that were outlined in the original business case did come to be realised over the last five to six years.

**Dr DAVID SALIBA:** In terms of mitigations—there would have been mitigations there in place—what went wrong then for the costs to blow out significantly? And the delay?

**KIRSTY McKINNON:** The original costs were point-in-time estimates and they were provided before the program had been to market and before the network design had been finalised to really understand the true scope and size of what would be required.

**Dr DAVID SALIBA:** Were Government aware that this was an estimate and basically not realistic in terms of costs? Was there a probability attached to that, in terms of the costings put forward?

**KIRSTY McKINNON:** I'll have to take that one on notice. I'm sure that would've been.

**The CHAIR:** Sorry, could I clarify that answer? The initial business case, the \$400 million was on the basis of a cost estimate before having gone to market to procure the vendors who would actually supply the solution. Is that correct?

**KIRSTY McKINNON:** I guess I need to caveat my answer. There have been several program directors and you can probably imagine that, as things are handed over, how much the story gets lost but that is what I was told when I stepped into the role in 2022.

**Dr DAVID SALIBA:** Do you find that the documentation is adequate pertaining to those notes, given that there have been a lot of program directors?

**KIRSTY McKINNON:** In terms of the cost of the business case? The business case is very detailed.

**The CHAIR:** Are you aware that in the announcement of this project having been through Cabinet and when the program was announced the \$400 million budgeted sum was described as an estimate?

**KIRSTY McKINNON:** I'm not aware of how it was described in any announcement, sorry.

**Ms JENNY LEONG:** I will ask Treasury first in relation to this. One of the reasons or the multiple reasons identified for the cost blow-out of this project is pointing to the delays and time cost blowout because of COVID-19, the bushfires and the floods. Obviously you would have a line of sight to other major infrastructure projects and other service delivery. How does this cost blowout compare to other infrastructure projects that you are aware of that may have been impacted by delays to timing and budget as a result of COVID-19, the bushfire and floods?

**LIZ LIVINGSTONE:** Sure, and I might pass to my colleague Cass for examples. This project is a particularly complex one because it's statewide. It involves infrastructure all over the State which would have been impacted explicitly by bushfires—and it was, as the Audit Office found—and similarly by floods. There's not a part of the State that this project doesn't reach. It is at the complex end of the scale and probably more vulnerable to those climate events than some projects that might have eluded the location of a bushfire, a flood or so forth. I'm conscious that there have been lots of delays in the rollout of construction projects like roads, like water infrastructure and so forth across that period of time. I can't think of really explicit examples to hand but it did have pervasive impacts across a whole range of infrastructure. There would be some types of infrastructure less impacted but, broadly, there were some key categories that have been slowed down because of the natural climate events.

**CASSANDRA WILKINSON:** I think in other parliamentary discussions, particularly at estimates, we've talked a lot about how the capital spend slowed down during those years and part of it had to do with disruption because of the disasters and the weather. Part of it also had to do with lack of access to skilled labour, so general labour, specifically skilled labour. Also access to materials, so things like steel and concrete required for all kinds of construction jobs. Importation of goods as well as people was interrupted for those years, so we found broadly across the whole capital portfolio that we had delays. It's probably also generally true that these kinds of complex communications projects tend to have a little more uncertainty than some of the others. We do roads every day. We do schools and hospitals every day. This project seems to have had its share of challenges.

It's also the kind of project that's more likely to have its share of challenges just because of the nature that we don't do it very often. We are less likely to have the kind of experience that we might have with something like a hospital build.

**Ms JENNY LEONG:** Ms McKinnon, I appreciate that you've mentioned a couple of times that the start of this project predated your time at the Telco. Is your role responsible for the overall delivery of the CCEP as the executive director of program delivery? Can you clarify also how that relates to the managing director of the Telco?

**KIRSTY McKINNON:** Good question. The managing director is what we call the senior responsible officer. She is ultimately responsible. As the executive director, a lot of that is delegated to me; cards on the table, I am responsible for ensuring and overseeing delivery of the program. That is done in consultation with those emergency services organisations that we've spoken about already.

**Ms JENNY LEONG:** This project started and proceeded; it's been a long time coming. Are you aware of how many people have been responsible for the program delivery role and the executive director position since, say, 2016 when this was first being discussed?

**KIRSTY McKINNON:** The executive director is a newly created position. I think that a managing director really understands the complexity of this program and the challenges we have been up against with floods and fire, COVID and supply-chain delays. Prior to this, it would have been under the managing director. There have been two managing directors, I think, in the duration of the program.

**Dr DAVID SALIBA:** Just on that, I would imagine that the managing director would be ultimately responsible but there would be an officer conducting the actual project itself. From 2016 do you know what position would have been operationally responsible for the delivery?

**KIRSTY McKINNON:** Sorry, I don't understand the question.

**Dr DAVID SALIBA:** You have this program and I imagine the Telco would have various other programs. Within that, I'd imagine there would be someone underneath the managing director that would be in charge of the delivery of that. How many people have turned over from that position? You mentioned before that there have been various directors.

**KIRSTY McKINNON:** Let me take that on notice. My guess is probably four, and that's not unusual, I don't think, for a program of this size. It's actually good to get some fresh eyes coming on so people don't get stuck in their ways and trudge along. My guess is four, but I'll take that on notice.

**Dr DAVID SALIBA:** Just with that, have you outsourced the delivery of this to any other companies or agencies?

**KIRSTY McKINNON:** No. We have what we call a delivery partner that helps us manage the build vendor, and that is outsourced. And then we outsource the physical construction of sites.

**Dr DAVID SALIBA:** In terms of delivery partner, has that been the same partner or different partners?

**KIRSTY McKINNON:** No, a different partner. It changed several years ago.

**Dr DAVID SALIBA:** Can we get that information? Do you know that offhand, now, who the partners were?

**KIRSTY McKINNON:** Yes, I do. The original delivery partner was a firm called Jacobs, and the current partner is a firm called Amalgamotion.

**Dr DAVID SALIBA:** You had another aspect of it. You mentioned another building partner.

**KIRSTY McKINNON:** Then we have the build vendors and these are construction companies. They're people like Service Stream, Highforce, Downer or Ventia. They're quite well-known construction companies that do a lot of work in both public and private sector. They specialise in building these types of towers.

**Dr DAVID SALIBA:** Given that right now the Auditor-General is factoring to hold the Government cost to \$2 billion, or thereabouts, and a 2027 completion, are we on track for that?

**KIRSTY McKINNON:** We are. We're on track for that.

**Dr DAVID SALIBA:** Are there any big risks right now that may impact on that?

**KIRSTY McKINNON:** Traditionally in a program like this, the biggest risk is finding and getting access to the sites you need. We have done that for the whole network now, so that really de-risks the program on the one hand. On the other hand, no-one would have expected COVID, floods, fires and plagues. I think our

biggest risk is if the weather continues to hit us. What is different about this program is that it is not that it floods for a few weeks or it rains for a few weeks and then we can start to build again. That is not the case. It can take over a year for access to these sites to dry out. Where most programs might be impacted by a few months, our program can be impacted by 12 to 18 by the sheer amount of wet weather we've been having. I would say that's our biggest risk.

**Dr DAVID SALIBA:** The Telco Authority leads a \$1.5 billion portfolio. Would you know off the top of your head what the size of that portfolio was in 2016?

**KIRSTY McKINNON:** No, I'm sorry.

**Dr DAVID SALIBA:** I'm assuming it would be somewhere near that figure or maybe a bit less. Then this project entered the fray and it's, effectively, almost on parity, if not more, with the portfolio size that you have now. Was there any thought or consideration as to, "Okay, we have this project that's probably bigger than our existing portfolio." Was that identified to government as a potential risk to say, "Hey, we might be biting off a bit more than we can chew, given our size, structure and experience"?

**KIRSTY McKINNON:** I haven't seen the assurance reports on the original business cases. I understand that assurance probably would have been done by INSW, so I can't know if that was included as a risk.

**Dr DAVID SALIBA:** Why haven't you seen the assurance reports? Has that not been released to you?

**KIRSTY McKINNON:** I reviewed the business cases. Some of the assurance reports are Cabinet-in-confidence. But I reviewed the business cases to understand the history of the project, but I haven't reviewed the assurance process of the original business case, no.

**Dr DAVID SALIBA:** Do you think that's an issue, given that you're rolling out this project and knowing past lessons and what went wrong previously, so we don't make the same mistakes?

**KIRSTY McKINNON:** Yes, I've been able to obtain that from reading the business case document and understanding how the scope changed, what was the cause of the delay, where the cost estimates submitted in the original business case had changed and where the actuals were. But, as I said, I haven't reviewed the original business case.

**Ms JENNY LEONG:** Kirsty, can I just follow up on that? It was our understanding from the evidence that we heard earlier from Infrastructure NSW that they provided the proponent of the business case or the agency involved—that is, the Telco Authority—with their recommendations in relation to the assurance process, as well as to Government or to Cabinet. I appreciate that that is Cabinet in confidence in terms of the members of Cabinet not being able to share. But as the agency that is responsible for the delivery of the business case, does that mean you don't have a line of sight as to the previous recommendations made before you started in this role, or you don't get any of those recommendations through the assurance project now?

**KIRSTY McKINNON:** Sorry, my answer was about the very original estimates in 2015-2016. I have not reviewed the assurance report for that original business case. I have reviewed the assurance reports for the most recent, the supplementary and the final business cases, as well as the INSW health checks, which are basically their review of the projected delivery, to understand what their findings were and to check that all the recommendations made by INSW had been closed.

**Ms JENNY LEONG:** So if Infrastructure NSW had flagged concerns initially on the initial business case and flagged those provided recommendations to the Telco, you don't have access to those because it predated your role. Is that right? If there were things that were significant, you're not able to have a line of sight to those?

**KIRSTY McKINNON:** No, I haven't read it, but that doesn't mean I'm unable to access it. I'll be honest; I haven't read it.

**Ms JENNY LEONG:** Did you mention that one of the service delivery partners is Ventia? Is that right?

**KIRSTY McKINNON:** Correct.

**Ms JENNY LEONG:** Can I just clarify something in the Auditor-General's report? The secretariat advises me that that's a public document and has been reported to Parliament. I don't know if you've got a copy of the *Management of the Critical Communications Enhancement Program* performance audit done by the Audit Office. In appendix 1 there is a correspondence that comes from the office of the Secretary of the Department of Customer Service to the Auditor-General outlining a number of key things around the recommendations to the NSW Telco Authority from Emma Hogan, the secretary. Are you able to tell us whether the Telco Authority actioned those recommendations, or is that something that we need to ask through a different agency? I'm just a

little confused by the difference between it being the Telco Authority and the Secretary of the Department of Customer Service writing that correspondence.

**KIRSTY McKINNON:** I can answer those. NSW Telco Authority obviously inputted into that response before the secretary at the time sent it off. There are six actions that I think—

**Ms JENNY LEONG:** Yes, there were four actions, specifically, or recommendations. The first was that by October 2023, the NSW Telco Authority would finalise its PSN traffic mitigation plan and determine a schedule and method by which that plan will be tested. Are you able to give us an update on whether that's been delivered?

**KIRSTY McKINNON:** Yes, that was completed in late 2023 and signed off by all five emergency service organisations.

**Ms JENNY LEONG:** And then by December 2023, it was recommended to:

... review whether current or planned governance arrangements for the enhanced PSN are adequate and appropriate for the evolving relationship between agencies, including to support ongoing collaboration and communication ...

**KIRSTY McKINNON:** Yes, that was also completed.

**Ms JENNY LEONG:** And then by January 2024 it would:

... work with other relevant NSW government agencies to provide advice to the NSW Government on the options, benefits and costs of addressing the regulatory gap for in-building public safety communications coverage in new and existing buildings ...

**KIRSTY McKINNON:** Yes, that's also been completed, and that was the digital connectivity principles that Tom was referring to. They came into effect March this year, and that's pretty much to ensure that the Public Safety Network and the connectivity that the community needs is included in all major infrastructure buildings worth more than \$10 million.

**Ms JENNY LEONG:** I'm aware that we're still in March 2024, but I want to give you the chance to reflect on this. The final one was:

... by March 2024, consider what, if any, technical and governance arrangements are required for circumstances where operational communications requires both encryption and interoperability ...

**KIRSTY McKINNON:** That one has also been completed, again in consultation with the five emergency services organisations.

**Ms JENNY LEONG:** I was conscious of the fact that you said that Ventia is one of your delivery partners now. I understand that Emma Hogan, who is the author of that, is now working in a senior role with Ventia. How is the Telco managing the potential risks or conflicts around that, given that person has shifted on? I'm just not sure how that's managed, given the significant cost blowout associated with delivery to private companies around this project.

**KIRSTY McKINNON:** It's a good question, and hopefully this will put your mind at ease. The way the program is rolled out is we have stages of commercial powers. Just bear with me. Our stage three panel included Ventia. We moved on to a stage four panel late last year, and Ventia were not successful in joining that panel. When I say the delivery partner, that's to recognise there's a handful of sites that they haven't yet completed—only half a dozen, and I think they're closing in the next three months. But they're not on our significant panel for future sites, and that decision was made before Emma Hogan left DCS and joined Ventia.

**Ms JENNY LEONG:** Thank you, I appreciate that clarity.

**Dr DAVID SALIBA:** Are there any post-employment restrictions over at the Telco Authority with providers?

**KIRSTY McKINNON:** I'd have to look at each contract. Those contracts do have something like that, but I'm not sure which ones or to what extent.

**Ms JENNY LEONG:** Are there general guidelines about that from Treasury?

**LIZ LIVINGSTONE:** In terms of public servants and their obligations, certainly there are. Particularly for senior executives, there are codes of conduct and contract terms that limit the information that you had access to at government being used in furthering your opportunities outside of your government role.

**Dr DAVID SALIBA:** We spoke to Infrastructure NSW and they conduct their assurance reviews. I don't know if you can answer this on notice, but at what point did Telco understand that they were deviating significantly from that business case? There were estimates conducted; we know now that they were estimates.

At what point was it put to market and tested to the point where you knew, "Okay, this has actually turned from \$400 million to one-point-something billion dollars"?

**KIRSTY MCKINNON:** In 2019 we submitted a supplementary business case. That was very clear on the additional costs, and it also acknowledged that a final business case needed to be submitted to fund the remainder of the program. I know there have been a lot of questions today around the time to deliver this program. The final business case, and therefore the budget to deliver this, wasn't finalised until June 2021.

**Dr DAVID SALIBA:** So there was an interim business case that was an estimate, and then three or four years later there was a subsequent business case. But at what point was it tested to say, "Right, we're turning this estimate—this assumption—into a fact"?

**KIRSTY MCKINNON:** I'll have to take that on notice.

**LIZ LIVINGSTONE:** Could I just add that the point at which a cost is realised is when government makes a decision—when it decides that it will make a next tranche of investment, once it's considered a business case and a new proposal—and then, in the subsequent year's budget papers, that will be reflected.

**Dr DAVID SALIBA:** Which budget was the initial \$400 million spend?

**LIZ LIVINGSTONE:** From recollection it was 2016-17, I think, that the \$400 million first appeared, but we can confirm that on notice.

**Dr DAVID SALIBA:** Was it stipulated as an estimate, or was it stipulated as that's the expenditure?

**LIZ LIVINGSTONE:** The infrastructure papers—the way they're set out usually includes, if known, an estimated total cost. We always use the word "estimate" because it is often pre-contracting to deliver a project. Particularly with projects like this, which are delivered over a long time frame, those estimates do tend to be updated over time as more information is gained in delivery of the project.

**Dr DAVID SALIBA:** Hypothetically, if I'm a Minister, I'm relying on a department. The department comes and gives me these papers, saying, "Hey, we need this critical piece of infrastructure. Here are the pros and cons pertaining to this piece of infrastructure and why it's needed. Here's the estimated cost." As it's the people's money, I'm responsible then to say, "Right, is this fit for purpose? Is it cost effective?" et cetera. At what point do I know that this \$400 million—is there any guidance or advice to say that there's a bandwidth or a price range?

**CASSANDRA WILKINSON:** What you're describing is the reason that Treasury always advises that we don't say we know the total cost until the project is finished.

**Dr DAVID SALIBA:** Is that not a problem?

**CASSANDRA WILKINSON:** The initial business case that's used for the investment will do its best to estimate. But until you have gone to market and signed contracts, you won't know what the market will provide, and so quite often it proceeds as planned because the cost estimates are robust. But in something that's unusual or unprecedented, it's not unusual for the agency to come back and say, "We've gone to market and the best providers in the marketplace can't do what we need for this price." Then you would do a supplement, as appears to have happened in this case, and consider whether it's still worth doing at the higher price and, ultimately, as Liz said, that's a matter for Cabinet to make the call on.

**Dr DAVID SALIBA:** Say I have a broken toilet at home. I go and speak to, say, two or three plumbers to get two or three different quotes to form an opinion in terms of how much it is going to cost et cetera. What I'm seeing here is the fact that with initial costs, that's blown out by 300 or 400 per cent and the system seems to stress. Hey, is this business as usual?

**CASSANDRA WILKINSON:** We repair a lot of toilets too, and they generally cost about what the quotes we get from the market will say. But when we do something unusual and complex, then sometimes the prices get adjusted after going to market.

**Dr DAVID SALIBA:** But wouldn't that be factored in to say, "Hey, all right, we've got \$400 million", but be conservative to go, "We don't know, so"—

**CASSANDRA WILKINSON:** Mr Gellibrand earlier talked about P50 and P90 estimates. That's one of the ways that we try to make it clear to Cabinet that the numbers you're using today are not numbers that are well understood, and we hope, over the life of a complex project, to move towards a more certain number. Then, ideally, the closer you get to finishing, the less uncertainty there is. But with something very complex, it's not unusual to still have uncertainty after you've gone to market.

**Dr DAVID SALIBA:** How applicable is this to all government infrastructure projects?

**CASSANDRA WILKINSON:** Not to all. Probably not acutely even to most.

**Dr DAVID SALIBA:** You're Treasury. Is that right?

**CASSANDRA WILKINSON:** Yes.

**Dr DAVID SALIBA:** Would you know the average? Our infrastructure spend is usually 30 per cent over our estimate costs. Surely there'd be a figure, year by year.

**CASSANDRA WILKINSON:** Specifically, we will take that on notice, but I will say in general most of our projects come in reasonably close. What we tend to find is that it's mega projects and very complex things that tend to be the really expensive things and the really complicated things. They're the outliers.

**Dr DAVID SALIBA:** What does "reasonably close" mean?

**CASSANDRA WILKINSON:** If you get a road, generally speaking, a road will cost you what you think it's going to cost you.

**Dr DAVID SALIBA:** Is it 5 per cent, 10 per cent?

**CASSANDRA WILKINSON:** I'd rather take that on notice and get you a good answer specifically.

**Dr DAVID SALIBA:** Yes, because one of the criticisms I get from people—I'm an MP so I go and speak to constituents all the time. They always tell me, "Hey, Dave, why does it cost the Government—it costs X amount of dollars to build something whereas it costs less"—

**The CHAIR:** Just in the interests of time, I think we need to wind it up. There will be an opportunity for supplementary questions after this. I thank everybody for appearing here today. You'll each be provided with a copy of the transcript of today's proceedings for corrections. The Committee staff will also email you any questions taken on notice from today and any supplementary questions from the Committee. We kindly ask that you return these answers within 14 days. Thank you very much.

**(The witnesses withdrew.)**

**The Committee adjourned at 15:10.**