
Why large public sector projects sometimes fail

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September 2013

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Governments at all levels across Australia spend hundreds of millions of dollars on infrastructure and IT projects. Some projects are very successful and have delivered positive outcomes. However, many projects fail. They are often over budget, late, not completed or completed with reduced outcomes.

My audits of hundreds of NSW Government agencies and many major projects over the past seven years have identified a number of common issues.

Unsuccessful projects can suffer from:

- a poor initial business case
- unclear statements of expected outcomes
- lack of senior management buy-in
- inadequate gateway reviews
- poor communication
- inadequate stakeholder engagement
- scope creep (or in many cases 'scope gallop')
- conflicts of interest
- optimism bias when assessing prospective benefits
- group think
- lack of appreciation of the 'big picture'
- decision-makers being too imbedded in the project so they can't see the forest for the trees.

These common ailments of failed projects can be grouped around three key themes:

1. poor governance
2. inadequate project management
3. lack of effective leadership.

In successful projects there is usually a clear distinction between the person or team that provides the long-term leadership for the project and the team that manages the project. Also, there is usually a third distinct group or committee that governs the project. Where the same group of people or team attempts to undertake all three functions – leadership, project management and governance – the functions can become blurred and not properly executed.

Governance

A number of initiatives have been introduced in New South Wales recently which show promise. In relation to governance, NSW public sector agencies are now required to have a majority of 'independent' members on their Audit and Risk Committees. Many of these committees undertake serious continuous professional development to keep up-to-date with emerging issues. These independent members are increasingly challenging agency behaviours and are introducing a more rigorous approach to governance issues. However, some large infrastructure and IT projects would benefit from independent governance committees.

Project management

Similarly, project management expertise is being enhanced in the public sector but more work needs to be done. Projects should not commence without a comprehensive cost/benefit analysis, and greater use needs to be made of participative quality assurance, as well as post implementation reviews to ensure mistakes aren't repeated in the future.

All too often project teams are more interested in commencing the next project rather than reflecting on what went right and what went wrong with the project they recently completed.

Leadership

My 'one-on-one' discussions with both public sector and private sector CEOs revealed that effective leadership is the biggest lever to helping deliver quality projects. Chief executive officers confirm that the changing environment in the public sector requires new leadership skills. Today's leaders need different communication skills to five years ago. They need different influencing skills, because many of their outcomes are reliant on people and organisations that they do not directly control. The ability to work with multiple stakeholders with conflicting and ambiguous agendas is increasingly required. It is pleasing that there is a clear recognition that enhanced leadership skills are needed and that the public sector is taking action to develop and grow these skills.

I have also detected an increasing appetite within the NSW public sector for officials to find out more about 'the big picture'. More and more senior officials are attending functions to hear and discuss the views and visions of Directors General and other key agenda setters. Directors General and CEOs are increasingly making themselves available to discuss future directions, not just for their own agency but for the wider public sector and other interested stakeholders. This has to be a good thing as it enables policy officers and delivery organisations to discuss and debate issues before they commence implementation, and to eliminate the wasteful 'just in case' activities by tailoring and focusing their approaches.

There is ample evidence that better governance in the private sector leads to higher earnings per share and higher returns on investment. My audits show that in the public sector, better governance, better project management and better leadership all lead to agencies and projects being able to deliver more effective outcomes within the same resources envelope.

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