

Response from Roads and Maritime Services



12 December 2014

Mr Grant Hehir
Auditor-General
Audit Office of NSW
Level 15, 1 Margaret Street
SYDNEY NSW 2001

Dear Mr Hehir

Performance Audit: WestConnex - Assurance to the Government

Thank you for the opportunity to respond to the *WestConnex: Assurance Performance Audit* dated 27 November 2014 (Audit).

This letter is provided on behalf of the agencies listed below, and conveys responses to each of your recommendations (Attachment 1).

The Audit considers the process undertaken by Government between October 2012 and March 2014 in relation to the development and assurance of the WestConnex projects. During this period, Government:

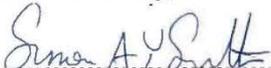
- approved a business case, the purpose of which was to demonstrate the overall viability of the WestConnex scheme and to focus on the funding and delivery of Stage 1 (the M4 corridor);
- established the WestConnex Delivery Authority to further develop, lead and provide assurance to the Government to secure the delivery of the WestConnex projects; and
- approved the delivery plan for Stage 1A (M4 Widening) developed by the WestConnex Delivery Authority.

WestConnex is a complex program of works to be developed, funded and built over the next decade. We are confident that the processes adopted for the development of the WestConnex business case were robust and effective, complied with the Cabinet-approved assurance framework, incorporated appropriate independent assurance and achieved their aims.

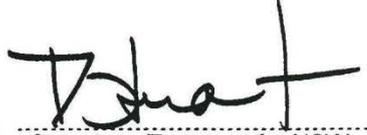
The activities and governance frameworks that applied during the period of your Audit have proven themselves appropriate for the early first stages of the project. Consistent with the business case and the subsequently approved delivery plan, Stage 1A (M4 widening) is now underway. Contracts were signed last week for the commencement of the M4 widening, following a competitive tender.

The Audit makes a number of recommendations for the future more complex stages, and these are largely accepted by the agencies.

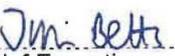
Yours sincerely,


Deputy Secretary, Premier
and Cabinet


Secretary, NSW Treasury


Secretary, Transport for NSW


Chief Executive Roads and
Maritime Services


Chief Executive,
Infrastructure NSW


Chief Executive, WestConnex
Delivery Authority

c/- Roads and Maritime Services

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Attachment 1 – Response to recommendations

Recommendation	Response
<p>1. Infrastructure NSW should ensure the Major Projects Assurance Framework is fully and effectively implemented for all major capital projects (\$100 million or more), including:</p> <ul style="list-style-type: none"> - Gateway reviews with Infrastructure NSW involvement using the Government-endorsed methodology - Regular monitoring by and reporting to the Government through Infrastructure NSW. 	<p>Infrastructure NSW supports this recommendation.</p>
<p>2. NSW government sector agencies should, commencing June 2015, develop Governance and Assurance Plans at the beginning of all major capital projects and submit these for endorsement by Infrastructure NSW. These plans should clarify assurance steps and responsibilities including the management of potential conflicts.</p>	<p>The agencies support this recommendation for new projects covered by Infrastructure New South Wales remit, and will co-operate with Infrastructure NSW in the implementation of this initiative.</p>
<p>3. Infrastructure NSW, NSW Treasury and Transport for NSW should introduce a 'review readiness' hold point for Gateway reviews by June 2015, so that Review Panels can put a review on hold until required documentation and personnel are available to them.</p>	<p>The agencies support this recommendation.</p>
<p>4. The WestConnex Delivery Authority develop, by March 2015, a project plan for approval by Infrastructure NSW which:</p> <ul style="list-style-type: none"> - sets out the various project components and the associated Major Projects Assurance Framework review and reporting requirements - provides for the business case to be formally and thoroughly revisited for Stages 2 and 3 of the project as well as any other major changes to the scope. 	<p>WestConnex Delivery Authority supports this recommendation.</p>
<p>5. The WestConnex Delivery Authority should, by June 2015, either:</p> <ul style="list-style-type: none"> - more clearly separate roles and responsibilities for delivery, commissioning and assurance, or - develop and document robust processes and procedures to manage the conflicts that arise from a lack of such separation. 	<p>This recommendation is supported in principle, and potential methods and processes are under consideration.</p>
<p>6. NSW government sector agencies should ensure the governance arrangements for future major capital projects include a clear separation of those responsible for delivery, commissioning and assurance.</p>	<p>The agencies support this recommendation noting that they will also need to follow government decisions and directions in relation to these arrangements.</p>