
Appendix one – Response from agency



Margaret Crawford
Auditor-General
Audit Office of New South Wales
Level 19, Darling Park Tower 2, 201 Sussex Street
SYDNEY NSW 2000

By email to: [REDACTED]

Dear Ms Crawford

Re: Performance Audit – Delivering School Infrastructure

Thank you for your letter of 16 March 2021 and the opportunity for the NSW Department of Education to provide formal comment on the Delivering School Infrastructure performance audit.

I have reviewed the Final Report and have attached comments overleaf in response to each of the eight recommendations made by the Audit Office.

First, I wish to extend my thanks to your team for their efforts in conducting this review. Their work has provided the Department with a number of important findings and recommendations, helping it to continue delivering more than 200 new and upgraded schools to support communities across NSW.

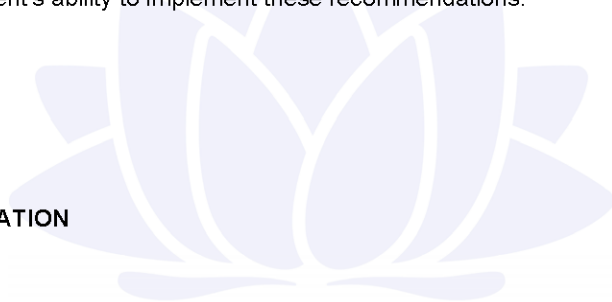
However, in furtherance of this goal, the Department expresses concern over the proposed September 2021 timeframe in which to implement the Audit Office's recommendations. Although the Department otherwise supports the recommendations, it considers the proposed six-month timeframe to be an unreasonably short period for a large and complex organisation to effectively implement many of these recommendations.

If this timeframe remains unchanged, the Department can only accept the Audit Office's recommendations in principle, reflecting the inherent difficulties it faces in implementing required changes in such a short timeframe. Earlier discussions with the Audit Office had raised the possibility of an April 2022 timeframe – if this could be adopted in place of the September 2021 timeframe, I would have far greater confidence in the Department's ability to implement these recommendations.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Mark Scott'.

Mark Scott AO
SECRETARY
DEPARTMENT OF EDUCATION
30 March 2021



NSW Department of Education

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Recommendation	Response	Comment
By September 2021, the Department of Education should:	Not accepted	The Department considers a six-month timeframe to be unreasonable to implement many of the recommendations, and does not accept this six month timeframe. The Department believes an April 2022 timeframe to be a more appropriate timeframe, as discussed previously with the Audit Office.
1. finalise the investment prioritisation approach with agreement from key stakeholders	Accepted in principle	The Department accepts this in principle. It notes that work is underway and will be agreed upon through a governance process led by the School Infrastructure NSW Executive. However, the September 2021 timeframe will not provide SINSW with adequate time to finalise the approach.
2. finalise and update on an ongoing basis a 10-year list of priorities to meet the forecast demand for new classrooms and contemporary fit for purpose learning environments, which identifies individual projects and programs in the short-term and priority geographic areas and programs in the medium-term	Accepted in principle	The Department is working with NSW Treasury on this proposal, and will inform an update to ERC on the feasibility of a 10-year Capital Planning Limit.
3. seek a 10-year Capital Planning Limit from NSW Treasury to ensure the needs identified in the 10-year list of priorities are met and are coordinated with the forward capital programs of other agencies	Accepted in principle	The Department notes that this work is underway. The Capital Planning Limit was taken to the 2020 SASP update, and will be re-prosecuted in 2021.
4. improve the quality of data on cost benchmarks that underpin the annual 10-year Capital Investment Plan and updates to the School Assets Strategic Plan	Accepted in principle	The Department agrees that cost benchmarking should continually improve. It notes that SINSW has already developed benchmark data, which will become a default input into the broader data that will inform interventions identified, prioritised and selected through the infrastructure planning phase. Qualified and experienced external consultants will also be utilised for this purpose.
5. embed an evidence-based cost benefit analysis framework for school investment, in consultation with NSW Treasury, by: <ul style="list-style-type: none"> validating benefits estimated in previous business cases with actual results building the evidence base in relation to contemporary learning environments 	Accepted in principle	The Department notes that the Treasury benefits policy is currently being updated. However, there is a limit to the research base that constrains investment analysis for social infrastructure.
6. regularly share data on forecast needs with relevant planning agencies to promote strategic opportunities for servicing education needs	Accepted in principle	-
7. implement the continuous improvement program for service planning, options assessment, business case development, project delivery and handover. The program should be informed by findings from	Accepted in principle	The Department notes that action is already underway to address this matter. A post occupancy evaluation report for findings to date is on track to be released March 2021 and a framework to be implemented in 2021 to support strategic post occupancy evaluations incorporating all projects.

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assurance reviews, post-occupancy evaluations and project lessons learned		A continuous improvement program has commenced for parts of service planning, focusing initially on the asset utilisation function which informs interventions to reduce the need for major capital works. The report is due for completion in the first quarter of 2021.
<p>8. establish benefits realisation processes and practices that:</p> <ul style="list-style-type: none"> • ensure business cases set baselines and targets for benefits • review benefits during delivery, prior to handover and as part of Post Occupancy Evaluations • identify which part(s) of the Department are best placed to develop, manage and evaluate benefits on an ongoing basis. 	Accepted in principle	<p>The Department agrees that benefits realisation processes and practices require whole of government direction. Currently there is not an adequate or consistent approach for assessing realised benefits, and this matter cannot be resolved by the Department. We would welcome the opportunity to work on this in a coordinated approach across government.</p> <p>Nevertheless, the Department acknowledges that it should continually improve its application of the agreed policy/guideline. In the absence of a whole of government response, SIN SW is currently developing its own benefits realisation elements and indicators. This will inform the school prioritisation from the bank of benefits they wish to gain from the learning space. This will provide a measure to determine if these benefits are realised.</p>



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