

# Appendices

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## Appendix 1: Response from Agency



Reference: A2118200

Ms Margaret Crawford  
Auditor-General of NSW  
Audit Office of New South Wales  
Level 15, 1 Margaret Street  
SYDNEY NSW 2000

Dear Ms Crawford

Thank you for your office's letter dated 12 May 2017 and for the opportunity to respond to the Performance Audit Report on NorthConnex (NCX). I write on behalf of the Department of Premier and Cabinet (DPC), NSW Treasury and Transport for NSW.

I am pleased the audit found that the processes used to assess NCX adequately considered value for money and that the NCX agreement represented value for money. I was also pleased to see that DPC'S record keeping for the key decision making body, the NorthConnex Steering Committee, met appropriate standards.

The audit has made some recommendations to provide greater clarity in the unsolicited proposals framework and to improve record keeping in technical and assessment committees. DPC and NSW Treasury will continue to work towards the implementation of the recommendations contained in the audit report.

I understand that as part of this transaction, various project working groups were established to work together often on a full time basis and present to the Steering Committee status updates on relevant outputs. It is not common practice to keep minutes and agendas of project working groups, so long as their outputs and decisions are appropriately recorded. I note that the Steering Committee updates included verbal updates on Proponent meetings, and that the evolving commercial terms being negotiated between the Proponent and negotiation team were recorded in the transaction term sheet which was also provided at various times to the Steering Committee. However, we acknowledge your suggested improvements to this process to ensure greater clarity and consistency on the need for record keeping.

I would like to thank the Audit Office for its efforts in examining whether the process used to determine the NCX funding model adequately considered value for money for tax payers and road users.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Blair Comley'.

Blair Comley PSM  
Secretary

7 June 2017

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