
Appendix 1 – Response from entity

Response from Transport for NSW

Transport for NSW

Mr Bola Oyetunji
Auditor General
Audit Office of NSW
GPO Box 12 SYDNEY NSW 2000



RE: Regional Roads Fund performance audit

OTS26/01297

Dear Mr Oyetunji

Thank you for the opportunity to respond to the Regional Roads Fund performance audit. The Regional Roads Fund (the Fund) is delivering critical roads projects across regional NSW including repair and replacement of bridges and improving safety at blackspots.

Transport for NSW (Transport) acknowledges the opportunities identified in the audit to strengthen governance, documentation, clarity of outcomes and alignment with whole-of-government requirements for infrastructure and grants administration.

I note the report recognises that the projects have been administered within Transport's established governance and delegation arrangements, supported by existing budget, reporting and oversight mechanisms. Business cases are either complete or in progress for the majority of projects led by Transport under the Fund. The audit also acknowledged that Transport responded to government expectations of accelerated delivery of election commitments during a period of significant organisational change.

Transport accepts the recommendations and is committed to addressing them to further enhance governance, assurance and administration of the Fund and similar funds in the future.

Recommendation 1

Transport is in the process of strengthening its governance and guidance materials on documentation requirements for Investment and Assurance Committee submissions relating to project registrations in the Infrastructure NSW (INSW) portal, business case gateway review releases and funding releases.

For example, project registrations will need to provide a completed Project Evaluation Form, draft completion of the INSW risk-tiering tool, demonstrate that the proposal is a government commitment, evidence of Deputy Secretary/Chief Executive approval, and ensure all other INSW requirements have been met.

The governance improvements will also require the project/program lead to confirm all required steps have been completed prior to any decisions being finalised. It is expected that these governance improvements will be fully implemented by 1 July 2026.

Recommendation 2

Transport is finalising nine Strategic Regional Integrated Transport Plans, which have been developed in partnership with councils and community stakeholders across regional NSW.

These plans will be used to assist in prioritisation of key capital and operational expenditures throughout regional NSW.

Transport has also established a Prioritisation and Asset Management branch with a dedicated, portfolio-wide, prioritisation team responsible for centralising and standardising the assessment and prioritisation of infrastructure funding. The Branch is currently developing a prioritisation framework that will contain targeted Multi-Criteria Analysis (MCA) to suit the goals of programs in line with enterprise strategy, NSW Government and Australian Government priorities. Internal consultation on the Framework is expected to be undertaken from June 2026, with implementation following the finalisation of this consultation process.

As acknowledged in the audit report, in 2025 Transport established an Enterprise Grants Management Framework (EGMF). This has been approved by Transport's Grants Compliance and Investment Committee (GCIC) and is now in effect. The EGMF establishes mandatory requirements for the governance, design and delivery of grant programs across the full grants lifecycle. Consistent with the EGMF, Transport is developing guidelines to formally document objectives, eligibility criteria, assessment and decision-making processes, governance arrangements, outcomes, and roles and responsibilities for the Fund.

The guidelines will improve clarity, consistency and transparency in the administration of the Fund and align with enterprise grants governance and the NSW Grants Administration Guide (GAG). Implementation of the RRF guidelines will be completed by 30 June 2026.

Recommendation 3

Transport has already implemented this recommendation through existing work programs. Transport has developed and implemented a grant definition tool and associated guidance materials to support the consistent identification and classification of grant activities to ensure compliance with the GAG.

The tool is applied at the proposal stage to determine whether an initiative constitutes a grant, what type of grant it is, and identifies the applicable GAG requirements to determine the governance and assurance requirements consistent with the GAG.

If classified as a one-off ad hoc grant, proposals follow the established governance process, including consideration at the GCIC, followed by Ministerial approval. The material prepared for GCIC and Ministerial consideration addresses delivery and financial risks and the merits of the project, including a value for money assessment.

This process ensures that all grant activities, including one off and ad hoc grants, are appropriately classified, comply with the GAG, and are supported by documented approvals and oversight.

I appreciate the opportunity to respond to the audit report and to outline the measures Transport is taking in response to the recommendations.

Yours sincerely,



Josh Murray
Transport Secretary

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