



NEW SOUTH WALES AUDITOR-GENERAL'S REPORT

# Capital projects 2025

FINANCIAL AUDIT | 18 MARCH 2026

## THE ROLE OF THE AUDITOR-GENERAL

The roles and responsibilities of the Auditor-General and the Audit Office, are set out in the *Government Sector Audit Act 1983* and the *Local Government Act 1993*.

We conduct financial or 'attest' audits of state public sector and local government entities' financial statements. We also audit the Consolidated State Financial Statements, a consolidation of all state public sector agencies' financial statements.

Financial audits are designed to give reasonable assurance that financial statements are true and fair, enhancing their value to end users. Also, the existence of such audits provides a constant stimulus to entities to ensure sound financial management.

Following a financial audit the Audit Office issues a variety of reports to entities and reports periodically to Parliament. In combination, these reports give opinions on the truth and fairness of financial statements, and comment on entity internal controls and governance, and compliance with certain laws, regulations and government directives. They may comment on financial prudence, probity and waste, and recommend operational improvements.

We also conduct performance audits. These assess whether the activities of government entities are being carried out effectively, economically, efficiently and in compliance with relevant laws. Audits may cover all or parts of an entity's operations, or consider particular issues across a number of entities. Our performance audits may also extend to activities of non-government entities that receive money or resources, whether directly or indirectly, from or on behalf of government entities for a particular purpose.

As well as financial and performance audits, the Auditor-General carries out special reviews, compliance engagements and audits requested under section 27B(3) of the *Government Sector Audit Act 1983*, and section 421E of the *Local Government Act 1993*.

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In accordance with section 52B of the *Government Sector Audit Act 1983*, I present a report titled '**Capital projects 2025**'.

A handwritten signature in black ink, which appears to read 'Bola Oyetunji'.

**Bola Oyetunji**

Auditor-General for New South Wales  
18 March 2026

## RECONCILIATION STATEMENT

We pay our respect and recognise Aboriginal people as the traditional custodians of the land in NSW who have cared for and protected the environment, waterways, and sacred sites over many millennia. We honour and thank the traditional custodians of the land on which our office is located, the Gadigal people of the Eora Nation, and the traditional custodians of all the lands on which our employees live and work. We pay our respects to their Elders past and present, and to the next generation of leaders.

We also acknowledge that our long history is shared with the histories of colonisation in New South Wales. We acknowledge the impacts of colonisation, and the resulting marginalisation and disadvantage of Aboriginal and Torres Strait Islander peoples in this state.

We embrace our role in holding government agencies to account for the delivery of effective services for Aboriginal and Torres Strait Islander peoples. We are committed to ensuring that our audits are culturally responsive, respectful and inclusive, and that we engage with Aboriginal and Torres Strait Islander peoples and communities in a meaningful and collaborative way.

We recognise the ancestral tie of Aboriginal and Torres Strait Islander peoples to this land, and we acknowledge that we have much to learn from their wisdom, rich and diverse culture, languages, knowledge and practices.

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# 1. Report snapshot

This report focuses on 9 major capital projects across the total state sector and provides insights into transparency, costs and governance arrangements.

For the purposes of this report, we have defined a major capital project as an infrastructure project identified in the NSW Budget with total estimated costs greater than \$100 million.

## Key findings

### **There is limited public reporting of major capital project budgets, costs and timelines**

There is limited public information on estimated total costs, delivery timelines, and changes to costs and timeframes for all major capital projects.

Over 75% of transport projects did not have an estimated total cost in the NSW Budget Papers.

### **The estimated total costs of some projects have increased significantly**

Sydney Metro's estimated total cost for the Metro City & Southwest and Metro West projects is significantly higher than originally estimated. Sydney Metro advises this is due to increases in material and building costs, scope changes, industrial action, condition of legacy assets, and additional requirements in the Sydney CBD as part of the ongoing tunnelling and excavation.

### **There is limited public information on the total costs of completed projects**

There is no explicit requirement to publish the total costs of completed major capital projects. Publishing information on actual costs against budget is essential to promote transparency and accountability.

### **The State wrote off \$907 million of capital project costs over the past 3 years**

The written off costs of capital projects represent expenditure that, for various reasons, will not result in a usable physical asset or improved service delivery. These write offs typically occur when projects are cancelled, significantly rescope or discontinued after substantial planning and development costs have already been incurred.

### **There is limited integration of risk oversight at the enterprise level in multi-agency led projects**

In several cases, significant project risks were only recorded in the risk registers of the delivery agency and not reflected in the enterprise risk registers of the agencies that will ultimately own or operate the asset. This creates potential governance and accountability gaps, particularly for operational or asset performance risks that extend beyond the construction phase.

### **Infrastructure NSW (INSW) applies an investor assurance framework to provide scrutiny over capital projects**

By embedding independent scrutiny into the lifecycle of major capital projects, the INSW Investor Assurance Framework seeks to reduce the risks of cost overruns, delays and project failure.

## Recommendations

This report makes 5 recommendations for state agencies and NSW Treasury to implement to improve transparency and accountability, and to enhance project management for future capital projects (see page 6 for full details).

## Fast facts

**\$118.3b**

in the 2025-26 State Budget for capital investment over the next 4 years

**\$907m**

capital project related costs written off over the past 3 years

**50%**

of the State's annual budgeted capital expenditure relates to transport portfolio projects

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## 2. Executive summary

The NSW Government is making significant investments in major infrastructure projects. In the 2025–26 State Budget the NSW Government committed to delivering the Essential Infrastructure Plan, with \$118.3 billion in capital investment over 4 years to 2028–29.

The current and previous NSW governments have delivered significant capital projects over the past 5 years including CBD South East Sydney Light Rail, WestConnex, Parramatta Light Rail Stage 1, new and upgraded schools and hospitals and the progressive delivery of the Sydney Metro program.

Major capital projects provide essential upgrades to public infrastructure, but their scale and complexity entail risks of cost overruns, schedule delays, ineffective procurement management and accountability deficiencies. The NSW Budget Papers highlight key infrastructure related risks which include the management of labour shortages, supply-chain risks and escalating costs. Infrastructure NSW has also highlighted recurring challenges in project planning, scope definition, risk management and governance.

This report provides insights into the management of major capital projects by the NSW public sector; examining whether governance, risk management and reporting for these projects manage the risk of wasting public resources, and promotes probity and financial prudence in the management and application of public resources.

The report also summarises key insights and lessons learnt that can be applied to future capital projects across the sector.

### 2.1. Reporting on capital projects

Transparent reporting on the planning, delivery and performance of major capital projects is fundamental to maintaining public trust and accountability for the use of public funds. It enables public scrutiny by allowing Parliament, central agencies and the public to hold delivery agencies accountable for cost, time and benefit realisation.

With significant investment committed to infrastructure each year, clear, accessible information on project progress, costs and outcomes promotes accountability. This expectation is underpinned by the *Government Sector Finance Act 2018*, which requires agencies to ensure transparency and accountability in financial and performance reporting and by the *Government Sector Employment Act 2013*, which establishes accountability as a core government sector value, including the principle to provide transparency to enable public scrutiny.

#### **There is limited publicly available information on estimated total costs, delivery timelines and changes to costs and timeframes for major capital projects**

The Infrastructure Statement included in the NSW Budget papers is the most centralised source of publicly available information on all major capital projects. However, this statement is a point-in-time report on each project, and its contents are static and do not account for changes to the project over time.

#### **A significant number of major capital projects did not have an estimated total cost published in the NSW Budget Papers**

Although the Infrastructure Statement requires disclosure of the estimated total costs (ETC) and estimated completion date, over 75% of transport portfolio projects did not have a published ETC, either because the data is not available or for commercial in confidence reasons.

The Premier’s Memorandum *M2022-06 Information on Infrastructure Projects* (M2022-06) directs agencies to provide information on the scope, funding, costs and timelines of projects when a project has significantly progressed to a point such that the information provided can be accurately and confidently confirmed.

For the 9 projects selected for this report, 3 projects do not have a published ETC. Of these 3 projects, 2 of them are currently the largest projects in the state.

Project	Original estimated total cost \$(m)*	Current estimated total cost \$(m)
Bankstown Hospital	1,300	2,000
Bradfield City Centre Stage 1	870	870
Critical Communications Enhancement Program	427	1,293
Metro City & Southwest	n.a**	n.a**
Metro West	n.a**	n.a**
New Sydney Fish Market	750	810
Parramatta Light Rail Stage 1	2,400	2,875
Penrith Football Stadium	309	309
Powerhouse Parramatta	n.a**	n.a**

\* Estimated total cost first announced in the NSW Budget Papers.

\*\* n.a is defined in the NSW Budget Papers as data either not available or not disclosed for commercial reasons.

Source: Infrastructure Statements (multiple years).

### The estimated total costs of Sydney Metro City & Southwest and Sydney Metro West have increased significantly

The Sydney Metro City & Southwest project had an original ETC of \$11.5 billion to \$12.5 billion in the business case. A Ministerial media release in April 2023 noted the estimated full cost of building Sydney Metro City & Southwest is at least \$20.5 billion and the full cost of building Sydney Metro West was estimated to cost \$25.32 billion. More recently, a Ministerial media release in December 2025 estimated the Sydney Metro City & Southwest is expected to cost \$22–23 billion and Metro West to cost \$27–29 billion.

Sydney Metro advised that this was largely due to disruption during COVID-19, significant increases in material and building costs, scope changes, industrial action, condition of legacy assets, and additional requirements in the Sydney CBD as part of the ongoing tunnelling and excavation.

The Infrastructure Statements have not incorporated the revised estimated total cost and continues to report ETC as ‘n.a’.

### There is limited publicly available information on total actual costs against budget for completed projects

From the review of the Infrastructure Statements over the past 5 years, information regarding completed projects is limited and does not include information on actual costs compared to the budget.

Currently there is no explicit requirement to publish this information. To promote transparency, either central agencies, such as NSW Treasury, or individual agencies should publish information on actual total costs against budget.

### **The State wrote off \$907 million of capital project costs over the past 3 years**

The written off costs of capital projects represent expenditure on projects that, for various reasons, do not result in a usable physical asset or improved service delivery. These write offs typically occur when projects are cancelled, significantly rescope or discontinued after substantial planning and development costs have already been incurred.

Transport for NSW wrote off \$657 million related to capital projects costs over the past 3 years. \$265 million related to cancelled projects resulting from the state and federal strategic infrastructure reviews.

## **2.2. Project governance**

Robust governance arrangements over major capital projects minimise the risk of agencies failing to deliver their projects efficiently and effectively.

### **There were appropriate governance arrangements and risk management practices for the selected projects**

For the 9 projects selected for review, there was a project control group (PCG) in place to manage operational oversight, monitor progress against milestones and address day-to-day project issues. Similarly, steering committees were established for strategic oversight, providing guidance on major decisions, scope changes, cost variations and key risks. The PCG received regular project status updates covering milestones, financial performance and risks.

### **Centralised governance models promote consistency and enable lessons learnt to improve project management**

A centralised governance model can provide significant benefits for the delivery of large and complex infrastructure programs, particularly where multiple projects are being delivered across a single portfolio. For example, benefits were noted in projects delivered by Health Infrastructure for the health portfolio.

### **There is limited integration of risk oversight at the enterprise level in multi-agency led projects**

In several cases, significant project risks were only recorded in the risk registers of the delivery agency and not reflected in the enterprise risk registers of the agencies that will ultimately own or operate the asset. This creates potential governance and accountability gaps, particularly for operational or asset performance risks that extend beyond the construction phase.

### **NSW Treasury needs more regular and timely access to assurance review reports to understand project risks and potential budget impacts**

Assurance review reports are not routinely distributed to NSW Treasury. They are only shared to facilitate investment or financing decisions considered by the Expenditure Review Committee (ERC). Typically, NSW Treasury must request access to these reports, with Infrastructure NSW (INSW) seeking approval from the relevant agency before releasing the information. This may create delays for NSW Treasury in obtaining the relevant information in a timely manner.

### **NSW Treasury introduced new policies applicable from July 2025 to Tier 1 projects**

NSW Treasury introduced new policies which are expected to improve transparency in sharing the assurance review reports. This is expected to drive capability uplift in agencies through increased oversight as well as collaborative partnering and sharing of insights. Under these new policies, NSW Treasury now has access to the final reports from project health checks in the delivery phase for projects that are subject to the new policy. However, this does not extend to other projects such as those in the procurement phase.

## **Infrastructure NSW (INSW) applies the Infrastructure Investor Assurance Framework (IIAF) to provide scrutiny over major capital projects**

Under the IIAF, INSW is responsible for coordinating independent, risk-based reviews including, gateway reviews, project health checks and deep dive reviews at critical project decision points, thereby strengthening the governance, accountability and assurance over capital infrastructure programs. By embedding independent scrutiny into the lifecycle of major capital projects, the INSW Assurance Framework seeks to reduce the risks of cost overruns, delays and project failure.

### **2.3. Recommendations**

#### **By 31 December 2026, NSW Treasury and Infrastructure NSW should:**

1. systematically capture and share lessons learnt on major capital projects across the sector to improve project and contract management activities. All agencies managing major capital projects should incorporate these lessons learnt in the planning and execution of future projects.

#### **By 30 June 2027, the NSW Government should:**

2. ensure transparency over expected total costs, expected time of completion and changes to project scope. The data should include:
  - a) project specific information
  - b) Infrastructure Statement data tracked over time (including estimate total cost and completion date for each project)
  - c) investment by sector and entity
3. report total actual cost compared to budgeted costs for completed projects, either in the Infrastructure Statement or agency annual reports, to improve transparency and accountability. This should be published within a reasonable time frame.

#### **By 30 June 2027, relevant State agencies should:**

4. disclose a range for the estimated total cost of the project in line with the [Premier's Memorandum M2022-06 Information on infrastructure projects](#) to improve transparency on project costs
5. regularly review capital works in progress to ensure ongoing projects are viable and expected to result in a usable asset or improved service delivery.

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## 3. Key insights and lessons

This chapter outlines key insights and lessons learnt that can be applied to future major capital projects.

### Key insights and lessons

#### Planning, scope and business case discipline

Robust planning and scope definition are foundational to project success. A well-developed business case ensures that investment decisions are based on sound evidence, realistic assumptions and clear identification of project objectives. Poor upfront planning and inadequate scope definition are a common cause of cost overruns, design changes and delivery delays. Agencies should:

- Ensure business cases are underpinned by sound evidence, realistic assumptions, clear project objectives and rigorous cost estimations.
- Define scope, dependencies and deliverables explicitly, including enabling works, project design and any contingent costs.
- Build in robust options analysis and prioritisation of projects needs early to avoid scope creep, misalignment with strategic priorities and cost escalations.
- Ensure plans and projections include life cycle project costs to fund delivery and maintenance of the required capacity.



#### Governance, assurance and oversight

Effective governance and independent oversight are critical to project success. Strong governance and assurance arrangements ensure accountability, transparency and early detection of issues. Without effective oversight and accountability, projects risk failing due to incorrect assumptions or underestimating risks.

Agencies should:

- Set up governance bodies with appropriate expertise, independence and authority to challenge assumptions and major decisions.
- Implement regular assurance reviews, assessing not only compliance with policies, but also challenge key assumptions.
- Identify risks and opportunities, and appropriately respond to and manage risks throughout the project.
- Ensure escalations and decision-making pathways are clear, documented and used when significant risks or changes arise.



## Key insights and lessons



### Project and contract management effectiveness

Effective project and contract management is essential to maintain control over scope, costs and delivery outcomes throughout the project lifecycle. When project management lacks proactive oversight, clear change control processes and early risk identification, there is a greater likelihood of contract variations, disputes and cost escalations that undermine value for money. This can be exacerbated where enabling works, scope changes or design clarifications emerge after contracts are executed, with inadequate mechanisms to manage their impacts. Effective management throughout delivery and close-out enhances accountability, supports risk mitigation and ensures contractual obligations are enforced.

Agencies should:

- Establish clear project management structures that define roles, responsibilities and escalation pathways for contract and risk management.
- Maintain robust change control and variation approval processes that assess cost, schedule and risk implications before authorising changes.
- Ensure active contract oversight, including monitoring performance against agreed deliverables, milestones and key performance indicators.
- Ensure that project managers and contract administrators have the capability and authority to proactively manage performance, variations and disputes.
- Record decisions, variations and risk responses comprehensively to support transparency and accountability.

### Benefits realisation and post-delivery evaluation

A project's success cannot be measured by completion alone. True value is realised only when infrastructure delivers the benefits outlined in its business case, such as improved service capacity, economic uplift or operational efficiencies. Post-delivery evaluation provides a feedback loop to refine future planning, improve forecasting models and ensure accountability for public investment. Without adequate post-delivery evaluation, lessons learnt may be lost and systemic issues, such as scope creep, cost escalation and performance shortfalls may be repeated in future projects.

Agencies should:

- Develop benefits realisation plans as part of the business case and governance framework, including measurable social, economic and service outcomes.
- Reassess value for money and cost-benefit ratio when there are major project revisions.
- Conduct structured post-delivery evaluations and compare actual outcomes against business case expectations.
- Use learnings from evaluations to inform future project planning, refine forecasting models and improvement risk assessment practices.



## Key insights and lessons



### **Portfolio and cross-agency visibility and monitoring**

Portfolio-level visibility enables better prioritisation, resource allocation and sequencing across the capital program. It also helps manage cross-agency dependencies, for example transport and health projects that share corridor access or utility infrastructure. A whole-of-government approach to portfolio management supports fiscal sustainability and ensures that infrastructure investments are aligned with strategic priorities and community outcomes.

Central agencies should:

- Maintain visibility over all major capital projects (current and pipeline) and their interdependencies such as shared corridors, contractors, enabling works and cumulative risks.
- Prioritise and sequence projects in a way that considers strategic alignment, resource constraints, capacity and inter-project dependencies.
- Maintain visibility over cash flow management.

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## 4. Introduction

In the 2025–26 State Budget the NSW Government committed to delivering the ‘Essential Infrastructure Plan’, with \$118.3 billion in capital investment over 4 years to 2028–29. The plan is central to meeting the state’s needs for housing, transport, health, education, water and energy. With capital investment of this scale, effective oversight is essential to safeguard public money, deliver on promised services and maintain community confidence.

The current and previous NSW governments have delivered significant capital projects over the past 5 years including CBD South East Sydney Light Rail, WestConnex, Parramatta Light Rail Stage 1, new and upgraded schools and hospitals and the progressive delivery of the Sydney Metro program.

Major capital projects provide essential upgrades to public infrastructure, but their scale and complexity entail risks of cost overruns, schedule delays, ineffective procurement management and accountability deficiencies. The NSW Budget Papers highlight key infrastructure related risks which include the management of labour shortages, supply-chain risks and escalating costs. Infrastructure NSW (INSW) also reports on trends and insights around major capital projects, highlighting recurring challenges in project planning and scope definition, risk management and governance.

This report provides insights into the management of major capital projects by the NSW public sector, examining whether governance, risk management and reporting for these projects manage the risk of wasting public resources, and promotes probity and financial prudence in the management and application of public resources.

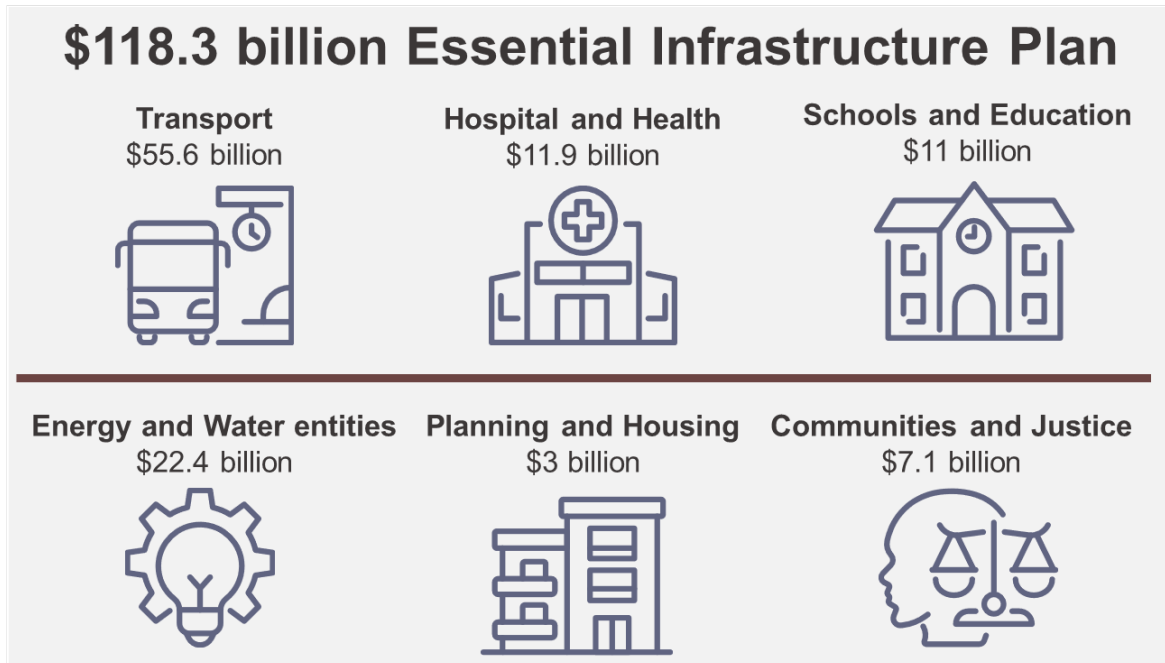
This report is structured according to major capital projects focus areas and our key insights on major capital projects from 5 years of performance audit reports as listed in [Appendix 2](#).

Chapter	Objective
Chapter 5: Essential Infrastructure Plan	An overview of capital spend and major capital projects delivered over the past 5 years. The chapter also covers the major capital projects currently in progress.
Chapter 6: Reporting on capital projects	An overview of the transparency of public reporting on capital projects budgeted costs, actual costs and estimated time to completion.
Chapter 7: Project write-offs	An overview of capital project write-offs for the top 40 state agencies over the past 3 years.
Chapter 8: Project governance	An overview of project governance, risk management and Infrastructure NSW assurance reviews over 9 selected projects.

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## 5. Essential Infrastructure Plan

In the 2025–26 Budget the NSW Government committed \$118.3 billion over 4 years towards delivering the Essential Infrastructure Plan.



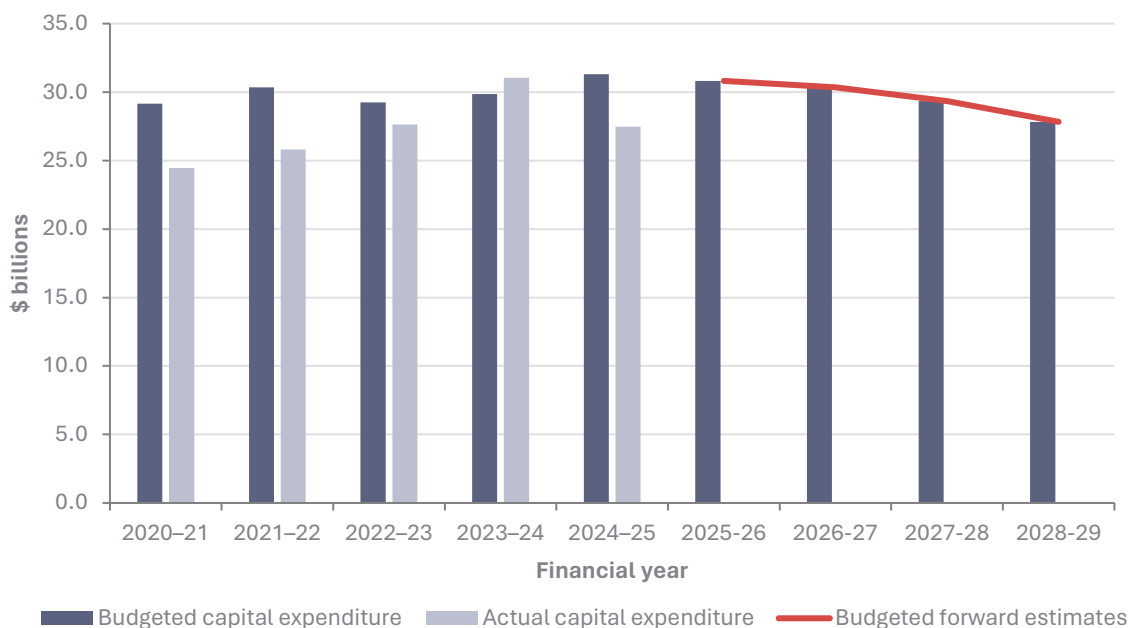
Source: NSW Budget 2025–26 Budget Paper No. 3 Infrastructure Statement.

### There has been significant spending on capital projects over the past 5 years

Over the past 5 years, the current and previous NSW governments have consistently budgeted substantial capital expenditure to support infrastructure delivery across health, transport, energy and education sectors. The graph shows that budgeted capital expenditure has remained broadly stable at around \$29–31 billion per year from 2020–21 to 2024–25, reflecting the government’s sustained focus on major infrastructure programs.

Looking forward, the budgeted forward estimates from 2025–26 to 2028–29 indicate a modest decline in capital expenditure, trending from around \$30 billion in 2025–26 to just under \$28 billion by 2028–29. This forward trajectory aligns with the NSW Government’s stated strategy to gradually taper capital spending as major capital projects reach completion and focus shifts to operational efficiency and maintenance of completed infrastructure.

**Budgeted and actual capital expenditure from 2020–21 to 2024–25**  
**Budgeted forward estimates from 2025–2026 to 2028–29**



Source: Report on State Finances and NSW Budget Papers Infrastructure Statements.

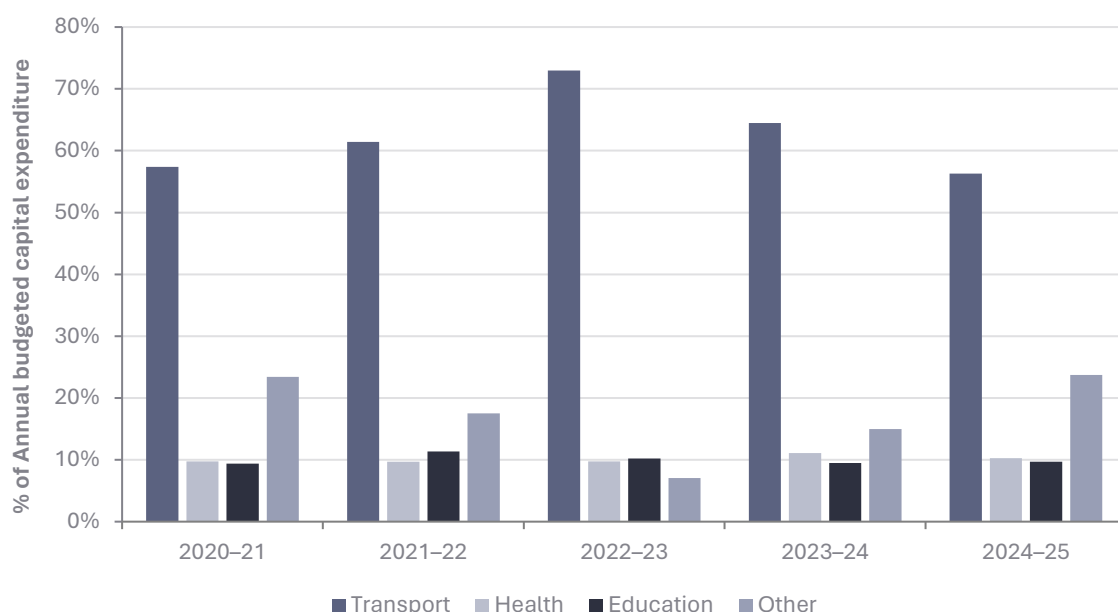
Actual expenditure has consistently been slightly below budget, particularly in 2024–25, suggesting ongoing challenges in delivering projects on time. These variances are consistent with observations which highlight delivery can be influenced by factors such as construction delays, regulatory approvals and resource constraints causing reprofiling key project timeframes to future periods.

Budget Paper 1 states total estimated capital expenditure includes an allowance for the established tendency for capital expenditure to slip each year. The extent of slippage has been increasing in recent years due to market capacity constraints and supply chain disruptions. In setting the allowance, observed past slippage and broad assessments of market capacity are considered. In the 2025–26 Budget, this allowance for capital slippage is set at \$2.5 billion in 2025–26 reducing to \$1.5 billion in 2028–29.

### **Transport projects constitute the majority of the infrastructure spend**

The transport portfolio continues to have the largest budgeted capital expenditure, accounting for over 50% of the annual budget capital expenditure each year. The capital expenditure in health and education has remained consistent year on year.

**Budgeted capital expenditure by portfolio from 2020–21 to 2024–25**



Source: NSW Budget Papers Infrastructure Statements.

**There is a significant pipeline of major capital projects across the transport, health, water and energy portfolios**

Key transport projects include, Sydney Metro West, scheduled for completion in 2032; the continuation of Sydney Metro City & Southwest to Bankstown by 2026; and the Western Harbour Tunnel expected to be completed by 2029.

Other transport priorities include the M12 Motorway (M7 to The Northern Road), the M1 Pacific Motorway extension to Raymond Terrace, the Warringah Freeway Upgrade, Coffs Harbour Bypass, and the M6 Extension Stage 1, supporting increased connectivity and freight efficiency across the state.

The health portfolio is delivering the new Bankstown Hospital with an estimated cost of \$2 billion, while Sydney Water Corporation continues major capital projects such as the Upper South Creek Networks and the Aerotropolis Stormwater and Recycled Water project, improving water security and environmental outcomes. Other priority projects include the Zero Emission Buses program and the New England Renewable Energy Zone, reflecting a focus on sustainable transport and renewable energy.

**There is increasing new investments in energy transition**

Investments in water and energy has increased by \$2.9 billion from the 2023–24 budgeted capital expenditure. A key driver of this uplift is ongoing funding for the Electricity Infrastructure Roadmap, including continued investment of \$2.1 billion over the next 4 years through the Transmission Acceleration Facility. This funding underpins the delivery of the state’s 5 Renewable Energy Zones (REZs) - Central-West Orana, New England, Hunter-Central Coast, Illawarra and South West. The REZs are designed to enable large-scale wind, solar and storage projects by strengthening transmission infrastructure and attracting private investment and part of NSW Government’s commitment to moving to clean and sustainable energy as coal-fired power stations retire.

## **The current and previous NSW governments have delivered significant infrastructure**

Previous capital expenditure has delivered significant infrastructure across transport, health, education and housing, including:

- CBD South East Sydney Light Rail
- WestConnex
- Parramatta Light Rail Stage 1
- progressive delivery of the Sydney Metro program
- significant upgrades across the state road network, such as sections of the M12 Motorway, Sydney Gateway and Princes Highway improvements
- new and expanded hospitals including redevelopments at Campbelltown, Liverpool, Randwick and Grafton
- major upgrades to ambulance stations and mental health facilities
- new and upgraded schools, including major redevelopments at Penrith High, Meadowbank Education Precinct and Parramatta North Public School.

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## 6. Reporting on capital projects

Transparent reporting on the planning, delivery and performance of major capital projects is fundamental to maintaining public trust and accountability for the use of public funds. It ensures delivery agencies are accountable for cost, time and benefit realisation. With significant investment committed to infrastructure each year, clear, accessible information on project progress, costs and outcomes relevant to each stakeholder promotes accountability. This expectation is underpinned by the *Government Sector Finance Act 2018*, which requires agencies to ensure transparency and accountability in financial and performance reporting and *Government Sector Employment Act 2013*, which establishes accountability as a core government sector value, including the principle to provide transparency to enable public scrutiny.

This chapter examines the level of publicly available information on:

- project status and progress
- estimated total cost and estimated time for completion
- actual costs compared to budgeted costs for completed projects.

The chapter assesses the level of information available in the NSW Budget Papers for all capital projects. It also specifically covers the publicly available information on the selected 9 capital projects (see [Appendix 1](#)).

### Chapter highlights

- There is no single source of publicly available information on estimated total costs, delivery timelines and changes to costs and timeframes for all major capital projects.
- While the Infrastructure Statement included in the NSW Budget papers reports on each project, its contents are static and do not account for changes that occur to a project's estimated total cost (ETC) or timelines from the previous year.
- Some NSW agencies are more transparent about the delivery of capital projects with interactive dashboards on their websites with information on project timelines, delivery status and indicative cost ranges for each project.
- A significant number of projects did not have an estimated total cost published in the NSW Budget Papers. Specifically, over 75% of transport portfolio projects did not have a published ETC for commercial in confidence reasons.
- There is limited publicly available information on completed projects, specifically on total actual costs against budget.

## 6.1. Agency and NSW Treasury reporting on projects

Clear and complete reporting on capital projects is critical to building public trust and ensuring transparency and accountability. Currently, there are various sources of information about major capital projects. Agencies provide information about major capital projects in annual reports and public websites. NSW Treasury publishes the Infrastructure Statement annually as part of the NSW Budget Papers.

The Statement provides information to the NSW public on major capital projects across the state and includes the nature of each project, total expected costs and what has been spent so far, what is planned to be spent in the following year, and expected completion dates.

By publishing this information in the Budget Papers, the NSW Government aims to:

- report on the State's planned capital program covering new works and works in progress
- explain how resources have been allocated in the current budget and over the forward estimates for both the general-government and public non-financial corporation sectors
- explain how infrastructure investment supports the government's priorities and service delivery objectives, including underlying policies and strategies.

Information to support the annual Infrastructure Statement is sourced from agencies responsible for delivering the projects and is guided by the Premier's Memorandum *M2022-06 Information on Infrastructure Projects* (M2022-06). The memorandum directs agencies to provide information on the scope, funding, costs and timelines of projects when a project has significantly progressed to a point such that the information provided can be accurately and confidently confirmed.

### **There is limited publicly available information on estimated total costs, delivery timelines and changes to costs and timeframes for all major capital projects**

Major capital project information is reported in the Infrastructure Statement by NSW Government and by the agencies through other means such as their websites.

The Infrastructure Statement included in the NSW Budget papers is the most centralised source of publicly available information on all major capital projects. However, this statement is a point-in-time report on each project, and its contents are static and do not account for changes to the project over time. To understand why a project has changed or had delays, it is necessary to draw information from multiple sources such as agency annual reports and from Infrastructure Statements published in previous years. The fragmented nature of compiling this information diminishes the public's ability to holistically evaluate the performance and progress of a project. A single source of information on estimated total costs, delivery timelines, and changes to costs and timeframes for all major capital projects would improve transparency and accountability.

For the 9 projects selected, information was collated on original and revised estimated total cost and time to completion from Infrastructure Statements spanning multiple years.

Project	Original estimated total cost \$(m)*	Current estimated total cost \$(m)	Change in estimated total cost (%)	Original estimated time to completion	Current estimated time to completion	Expenditure at 30 June 2025 \$(m)**
Bankstown Hospital	1,300	2,000	53.8%	2028	2032	20
Bradfield City Centre Stage 1	870	870	--	2028	2031	209
Critical Communications Enhancement Program	427	1,293	203%	2022	2028	933
Metro City & Southwest	n.a	n.a	--	2024	2026	17,964
Metro West	n.a	n.a	--	2030	2032	11,796
New Sydney Fish Market	750	810	8.0%	2024	2025	769
Parramatta Light Rail Stage 1	2,400	2,875	19.8%	2023	2025	2,599***
Penrith Football Stadium	309	309	--	2025	2027	30
Powerhouse Parramatta	n.a	n.a	--	2023	2026	700

\* Estimated total cost first announced in the NSW Budget Papers.

\*\* Estimated expenditure at 30 June 2025 as stated in the Infrastructure Statement 2025–26.

\*\*\* The Parramatta Light Rail Stage 1 estimated expenditure is at 30 June 2024 as this was the last Budget Paper with information on actual expenditure on this project.

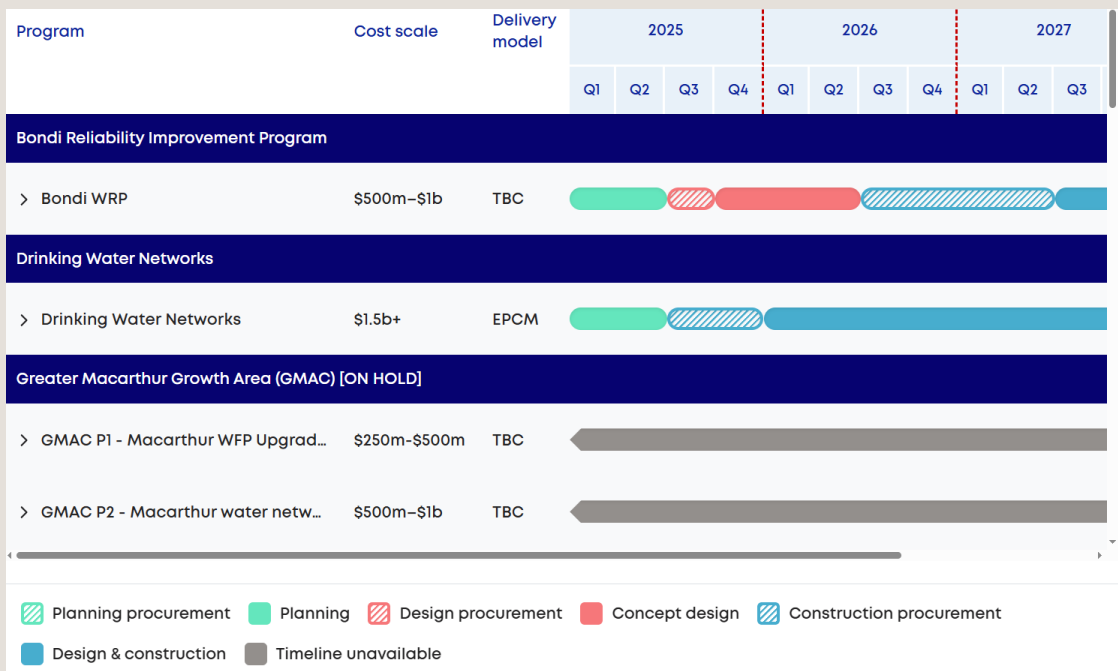
Source: Infrastructure Statements (multiple years).

## Some agencies are more transparent about the delivery of capital projects

A positive example of project reporting is noted at Sydney Water Corporation (SWC). SWC provides an interactive [Major Projects Pipeline Dashboard](#) on its website, offering information about ongoing major capital projects.

### Case study - Sydney Water Corporation major projects dashboard

The dashboard presents key details, such as project timelines, delivery status and indicative cost ranges for each project, allowing stakeholders and the public to easily monitor progress. This example demonstrates how a dashboard could provide information on timelines and estimated costs of capital projects to improve public transparency and accountability



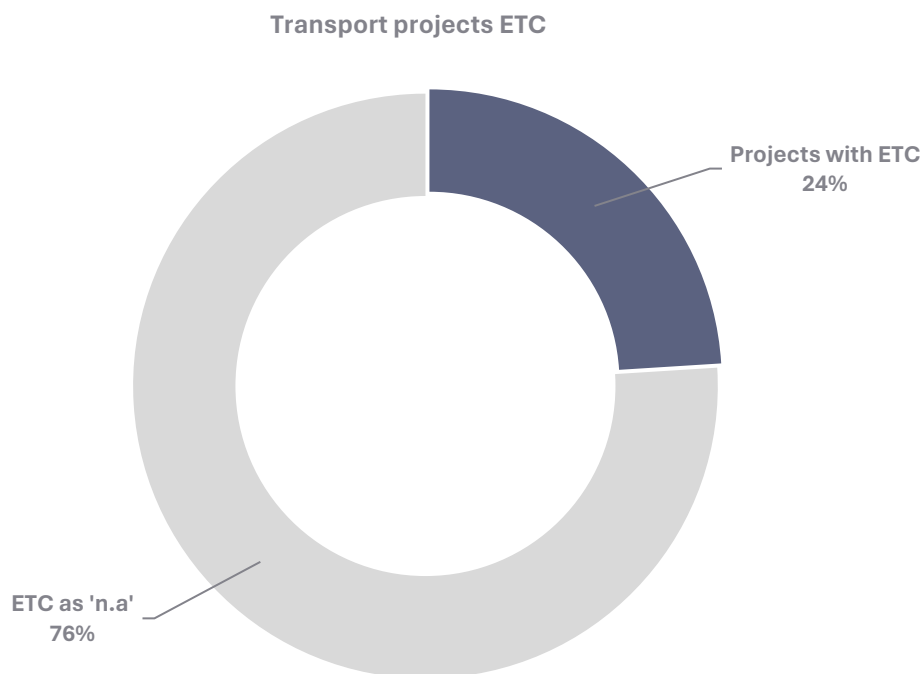
Source: Sydney Water Corporation - [Major projects pipeline](#).

## 6.2. Reporting of estimated total costs and estimated time to completion

### A significant number of projects did not have an estimated total cost (ETC) published in the NSW Budget Papers

Although the Infrastructure Statement requires disclosure of the ETC and estimated completion date, NSW Budget Papers from 2020–21 to 2025–26 note the ETC and completion date as 'n.a.' for many projects. This means data was either not available or was not disclosed for commercial reasons.

While most portfolios appear to disclose ETCs for most of their projects, over 75% of transport portfolio projects did not publish ETCs for commercial in confidence reasons. The transport portfolio leads some of the most significant projects in the state, such as Sydney Metro West, Sydney Metro Western Sydney Airport, Sydney Metro City & Southwest and Western Harbour Tunnel. Forty-seven percent of total budgeted infrastructure spend over the next 4 years relates to transport projects. Estimated total costs for the transport portfolio reported in the 2025–26 Infrastructure Statement is \$19.3 billion with \$55.6 billion expected to be spent over the forward estimates.



Source: NSW Budget 2025–26 Budget Paper No. 3 Infrastructure Statement.

While commercial sensitivities may be a legitimate reason for agencies not to publish estimated total costs of a project, it needs to be balanced against the benefits of transparency. There may be risks in disclosing estimated costs while a project is in the procurement phase, as this information could influence market behaviour and potentially affect procurement outcomes. In these circumstances, agencies should aim to publish estimated total costs as soon as this risk is minimised. Alternative approaches that balance commercial confidentiality with transparency enable stakeholders to understand the relative magnitude and complexity of each project without disclosing commercially sensitive detail.

### Case Studies - Sydney Metro City & Southwest and Sydney Metro West

These projects are 2 of the largest capital projects currently underway in the state. A single source of information on costs, budgets and scope changes would improve transparency. A range for the estimated total cost would also indicate the relative size of these projects.

#### Sydney Metro City & Southwest

Sydney Metro City & Southwest is a 30 kilometre rapid transit extension connecting the Sydney CBD through Sydenham to Bankstown, including the new city-tunnel section from Chatswood to Sydenham and conversion of the existing line to metro standards. The city-tunnel section officially opened for passenger services on 19 August 2024, with full service through to Bankstown expected in 2026.

The final business case summary published in 2016 provided a range for the ETC rather than the exact ETC due to commercial reasons. The range for the ETC was \$11.5 billion to \$12.5 billion, representing a benefit to cost ratio (BCR) range of about 1.47 to about 1.6.

The business case summary stated that due to the live tendering process underway, the final cost and BCR were redacted to ensure value-for-money for NSW Government in the procurement process. This redaction was expected to be removed once the procurement process was complete.

Since the final business case summary there have been several changes to the scope and expected cost of the project.

To date, no other ETC has been published. The Infrastructure Statements continue to state n.a. for this project and do not report the publicly available range for the ETC.

A Ministerial media release in April 2023 noted the estimated full cost of building Sydney Metro City & Southwest is at least \$20.5 billion. The Infrastructure Statements have not incorporated this information, despite being publicly communicated.

A Ministerial media release in December 2025 estimated the project is now expected to cost \$22–23 billion.

Sydney Metro advised the reasons for the increases were due to:

- during the COVID-19 pandemic there were significant supply chain and materials issues and reduced contractor availability, with extensive disruption to delivery programs requiring substantial resequencing
- significant construction disruption due to poor weather
- increases in procurement costs due to market conditions
- additional scope since the release of the final business case summary, including additional stations and broader upgrades of Sydney Trains assets including the addition of Central Walk
- the flow-on effects of industrial action, most significantly in 2022 and then again in the lead-up to the start of the final conversion period on the Southwest Metro last year, which impacted the timing of key milestones on the project such as commencement of dynamic testing
- additional scope arising from safety case assessments and condition of legacy assets, including additional upgrades required due asset condition of track and wiring from a 130-year-old railway line.

The 2025–26 Infrastructure Statement includes the following:

- total spend to 30 June 2025 of \$17.96 billion
- budgeted expenditure over 4 years to 2028–29 is \$804.1 million
- estimated total cost of completion remains n.a.



Image source: City & Southwest project © Sydney Metro - used with permission.

## Sydney Metro West

Sydney Metro West is a 24 kilometre underground metro project connecting the Sydney CBD with Greater Parramatta, including major precincts such as Westmead, Sydney Olympic Park, The Bays and Five Dock. The project involves twin tunnels and multiple new underground stations to increase rail capacity and reduce travel times between Sydney and Parramatta. Major tunnelling and station construction works are currently underway, with full passenger services expected to start in 2032.

The final business case summary published in 2020 did not include any information on cost – differing from the Sydney Metro City & South West final business case which disclosed a range for the estimated total cost. This was because the NSW Government requested that the estimated cost of the program not be publicised at the time as they were in the process of procuring packages for Sydney Metro West. Infrastructure NSW noted in the business case summary that the program cost would be released by the NSW Government at a commercially appropriate time.

The business case summary includes an economic evaluation. The economic evaluation stated a benefit to cost ratio (BCR) of 1.34 (including productivity and wider economic benefits (WEBS)) or 1.04 (excluding WEBS).

Since the final business case summary there have been several changes to the scope and expected cost of the project.

A Ministerial media release in April 2023 noted the estimated full cost of building Sydney Metro West was estimated to cost \$25.32 billion. Although publicly available, this information has not been incorporated into the Infrastructure Statements.

A Ministerial media release in December 2025 estimates the cost of this project at \$27–29 billion.

Sydney Metro advised the reasons for the increases since the original investment decision were largely due to:

- major infrastructure projects in Australia and across the world experiencing a spike in material and building costs
- additional scope to enable property and precinct development above and around the stations which was not included in original budget
- updated risk allowances based on recent tender responses
- scope changes in response to stakeholder feedback, including delivery of a new speedway at Eastern Creek
- the realisation of retained risks, including bulk earthworks, ground stabilisation and contamination removal at Clyde
- additional demolition requirements in the Sydney CBD as part of ongoing tunnelling and station excavation.

The Infrastructure Statement 2025–26 notes the following:

- total spend to 30 June 2025 is \$11.79 billion
- budgeted expenditure over 4 years to 2028–29 is \$10.8 billion
- estimate total cost of completion remains n.a.

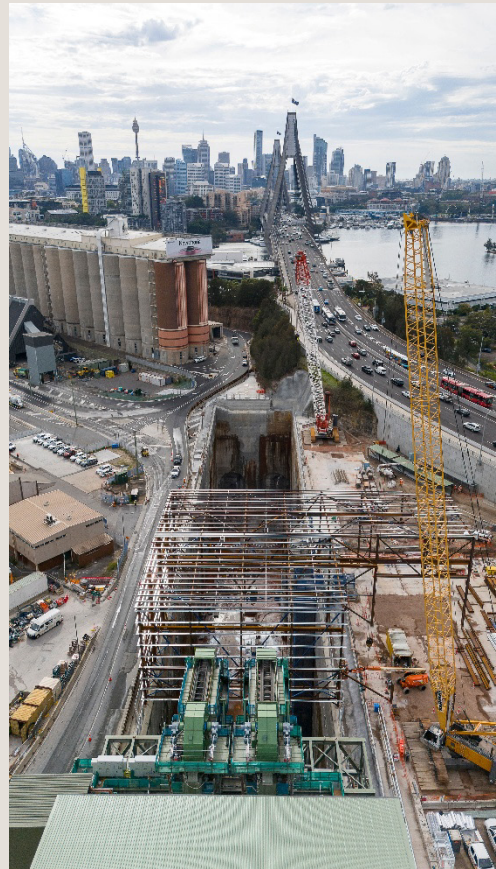


Image source: Aerial view of The Bays Station box construction, Rozelle, © Transport for NSW - used with permission.

## There is limited publicly available information on total actual costs against budget for completed projects

The *NSW Treasury Evaluation Guidelines* (TPG22-22) provide mandatory requirements for evaluating government initiatives, including capital projects, to assess whether intended outcomes and benefits were achieved. For capital projects, these evaluation principles are applied through the *NSW Investment & Assurance Framework* and the Gateway Assurance process, ensuring a structured and independent review of project performance. Post-implementation evaluations should include financial performance, including the total project cost compared to the approved budget, as well as an assessment of benefits realised and governance outcomes. However, currently there is no explicit requirement to publish this information.

In the 2025–26 Infrastructure Statement, Chapter 3 covers key infrastructure developments delivered. However, the chapter only provides commentary on which projects have been completed and a brief description of the project. There is no information on actual total expenditure compared to estimated total cost.

Last year, minimal information was included in the Infrastructure Statement on Westconnex which was completed in November 2023. A Gate 6 Benefit Realisation review was completed under the Infrastructure Investor Assurance Framework. However, there was no further publicly available information on this project regarding post-evaluation.

Similarly, in the 2025–26 Infrastructure Statement, there is minimal information on the recently completed Parramatta Light Rail Stage 1. From the review of Infrastructure Statements over the past 5 years, information regarding completed projects is limited and does not include actual costs compared to the budget.

To promote transparency, either central agencies, such as NSW Treasury, or individual agencies should publish information on actual total costs against budget.

### Case study -Parramatta Light Rail Stage 1

Parramatta Light Rail Stage 1 connects Westmead to Carlingford via the Parramatta CBD and Camellia, with a two-way track spanning 12 kilometres and 16 light-rail stops. The first passenger services for Parramatta Light Rail Stage 1 began in December 2024.

In the 2025–26 Infrastructure Statement, there is no information of total cost of the project. There is also no detailed information on actual costs in the Transport for NSW Annual Report 2024–25.

The 2024–25 Infrastructure Statement included the following information:

- ETC was \$2.9 billion
- total expended as at 30 June 2024 was \$2.6 billion
- budgeted expenditure over 4 years to 2028–29 was \$211 million.



As the light rail is now operating, the total actual expenditure and whether the original intended benefits have been realised should be reported.

## 7. Project cost write-offs

The written off costs of capital projects represent expenditure on projects that, for various reasons, do not result in a usable physical asset or improved service delivery. These write-offs typically occur when projects are cancelled, significantly rescope or discontinued after substantial planning and development costs have already been incurred.

While some level of project attrition is expected in large infrastructure programs, material write-offs may be a sign of weaknesses in the planning, governance or decision-making processes. Significant resources may be expended without generating value for the state leading to an inefficient use of public resources.

Some level of write-offs may be inevitable, and in some cases appropriate, where projects are explored but ultimately deemed unfeasible or where government priorities for investment change. In these circumstances, ceasing a project and recognising a write-off may represent the better value for money decision, rather than continuing to commit further public funds to a sub optimal project.

Examining capital project write-offs can assist in understanding whether there are systemic issues in planning, project identification and approval processes, giving rise to preventable risks likely to result in expenditure that does not result in public benefit. Systematically analysing and documenting the causes of write-offs enables agencies to capture lessons learnt and reduce the likelihood of similar outcomes in future project activities.

### Chapter highlights

- Capital project costs written off over the past 3 years was \$907 million.
- Transport for NSW wrote off \$657 million related to capital project costs over the past 3 years. \$265 million related to cancelled projects resulting from the state and federal strategic infrastructure reviews.

### \$907 million in capital project costs written off over the past 3 years

We reviewed capital project write-offs over the past 3 years for the top 40 state agencies and found that \$907 million had been written off over the period. The 3 agencies with the largest write-offs across the last 3 years are as follows:

Agency	2024–25	2023–24	2022–23	Total
Transport for NSW	\$366,030,000	\$288,176,000	\$2,533,000	\$656,739,000
Transport Asset Manager of NSW	--	\$97,818,000	\$5,176,000	\$102,994,000
Sydney Water Corporation	\$9,203,000	\$26,874,000	\$1,208,000	\$37,285,000
Other	\$70,201,000	\$23,525,000	\$16,297,000	\$110,023,000
<b>Total</b>	<b>\$445,434,000</b>	<b>\$436,393,000</b>	<b>\$25,214,000</b>	<b>\$907,041,000</b>

Source: Audited financial statements.

### **Transport for NSW wrote off \$366 million related to capital project costs in 2024–25**

Transport for NSW wrote off \$366 million related to infrastructure assets in 2024–25 (\$288 million in 2023–24). This does not include intangible assets or IT-related projects written off as these were not in the scope of this report.

The write-offs were attributed to a range of factors including:

- projects that had been abandoned or discontinued
- further capital spends incurred on projects that had already been written off.

In 2023–24, approximately \$265 million out of the \$288 million of asset write-offs related to cancelled projects stemming from the [State Strategic Infrastructure Review](#) commissioned by the NSW Government and [Independent Strategic Review of the Infrastructure Investment Program](#) commissioned by the Commonwealth Government.

### **Transport Asset Manager of NSW wrote off \$97.8 million related to capital project costs in 2023–24**

A significant portion of the write-off (\$74.9 million) related to the Fast Rail Program. The Fast Rail Program has been delayed and descoped following the 2023–24 State Strategic Infrastructure Review commissioned by the NSW Government. Project costs incurred to date such as planning and development activities for the Fast Rail Program have been written off.

### **Sydney Water Corporation wrote off \$37.3 million related to capital project costs over the past 3 years**

The largest write-off related to the Prospect Pre-treatment Water Filtration Plant (\$22.6 million). This was related to costs incurred in previous planning and design works to investigate a potential filter-to-waste solution. After investigation, the solution was deemed not commercially viable and not able to meet the project objectives in full. Sydney Water has since progressed an alternate solution.

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## 8. Project governance

Robust governance arrangements over major capital projects minimise the risk of agencies failing to deliver their projects efficiently and effectively and to help ensure value for money for every dollar of public funds spent.

This chapter examines the governance arrangements and oversight mechanisms applied on 9 major capital projects, highlighting key principles, frameworks and better practices. It focuses on the structures, processes and controls currently in place to support project decision making, risk management, accountability and performance.

Refer to [Appendix 1](#) for the list of projects selected.

### Chapter highlights

- Most agencies had established governance arrangements as required by *NSW Government Business Case Guidelines* (TPG24-29).
- Centralised governance models promote consistency and leverage lessons learnt to improve project management.
- Agencies demonstrated sound risk management practices, however there was limited integration of risk oversight at the enterprise level in multi-agency led projects.
- Infrastructure NSW applies the Infrastructure Investor Assurance Framework (IIAF) to provide scrutiny over major capital projects to reduce the risk of cost overruns, delays and project failures.
- NSW Treasury introduced new policies applicable from July 2025 to Tier 1 projects to improve their access to more timely information on project risks, contingency use and potential budget impacts.

### 8.1. Governance arrangements

#### **There were appropriate governance arrangements and risk management practices for the selected projects**

Effective project governance begins with a clearly defined and documented governance structure setting out roles and responsibilities for decision making across all levels of the project. Consistent with the *NSW Government Business Case Guidelines* (TPG24-29), this includes articulation of accountabilities for key oversight bodies and assurance mechanisms that align with the scale and risk of the investment. TPG 24-29 lists key elements of an effective governance structure which typically include a project control group (PCG) responsible for operational oversight and a steering committee providing strategic oversight.

All 9 projects had a PCG in place to manage operational oversight, monitor progress against milestones and address day-to-day project issues. Similarly, steering committees were established for strategic oversight, providing guidance on major decisions, scope changes, cost variations and key risks. These groups received regular project status updates covering milestones, financial performance and risks.

## Centralised governance models promote consistency and enable lessons learnt to improve project management

A centralised governance model can provide significant benefits for the delivery of large and complex infrastructure programs, particularly where multiple projects are being delivered across a single portfolio. Under this model, a dedicated delivery agency or program management office oversees the governance, coordination and delivery of all major capital projects within its remit. This structure promotes consistency in governance frameworks, decision making processes and assurance mechanisms, ensuring all projects adhere to a common set of standards and methodologies. Standardised governance framework and processes can enhance productivity and mitigate risks.

Centralised governance also enables continuous improvement and learning, as lessons from individual projects can be systematically captured and applied to future projects. It fosters a whole-of-portfolio perspective and provides government with clearer visibility of portfolio-level risks. This approach can reduce duplication, strengthen accountability and improve efficiency through shared expertise, tools and processes.

### Case study - NSW Health Infrastructure has effective centralised governance models

The *Trends and Insights 2023 Report* published by Infrastructure NSW identified Health Infrastructure (HI) as a good example of a centralised governance model in practice.

Major capital projects in the Health portfolio are delivered centrally by HI which was established specifically to oversee the planning, design and construction of health capital projects over \$10 million across the state. HI operates a standardised governance framework that clearly defines roles, escalation pathways and reporting lines across all projects. Each project follows a consistent set of governance templates and processes – from the formation of Project Control Groups and Steering Committees to the regular review of risks, budgets and milestones.

The benefits of this coordinated approach are realised through greater consistency, transparency and accountability across the health portfolio. HI's central oversight enables cross-project learning, where challenges, innovations and efficiencies identified in one project can inform the delivery of others.

This model demonstrates how a central delivery agency model has the potential to strengthen project governance and assurance across a large and complex portfolio. This model should be considered in other sectors where there is opportunity to benefit from a standardised and centralised approach.

## 8.2. Risk management

Large-scale, complex capital projects inherently carry significant financial, operational and reputational risks, which if not effectively managed, can compromise the successful delivery of a project. Risk management should be documented and embedded throughout all phases of the project's lifecycle, from initial concept and business case development through to delivery, commissioning and post-completion evaluation.

### Agencies demonstrated sound risk management practices

All projects had formal risk management frameworks in place, including documented risk management plans, the use of risk registers, periodic risk reviews and clearly defined escalation processes. Furthermore, most agencies integrated project level risks into their Enterprise Risk Register. Significant project risks, particularly those relating to cost escalation, schedule delays, contractor performance and stakeholder impacts, were captured at the enterprise level, ensuring visibility to senior executives and Audit and Risk committees. This integration supports stronger oversight and accountability across the project lifecycle.

### **There is limited integration of risk oversight at the enterprise level in multi-agency led projects**

Our review identified an inconsistency in the treatment of risk in multi-agency led projects. In several cases, significant project risks were only recorded in the risk registers of the delivery agency and not reflected in the enterprise risk registers of the agencies that will ultimately own or operate the asset. While there is some coordination between delivery and operating agencies at the project level, there is limited integration of risk oversight at the enterprise level. This creates potential governance and accountability gaps, particularly for operational or asset performance risks that extend beyond the construction phase.

### **NSW Treasury needs more regular and timely access to assurance review reports to understand risk and potential budget impacts**

Given the scale, complexity and fiscal significance of major infrastructure investments in the state, it is critical that risks associated with these projects are visible not only within individual agencies, but also at a whole-of-state level. The Infrastructure Investor Assurance Framework requires delivery agencies to provide regular, risk-focused reporting to Infrastructure NSW (INSW). This enables government to identify systemic or emerging risks that may affect multiple projects or impact the state's overall infrastructure program, financial position, or service delivery outcomes.

Each agency maintains risk registers for their individual projects. As part of the investor assurance reporting, INSW update the financial risk exposure across the portfolio each month and report this to Cabinet. The financial risk exposure is INSW's estimate of the risk of cost overrun for 10 to 12 major capital projects, often rated Tier 1. As part of the NSW Budget process agencies are required to provide significant financial risk pressures for capital expenditure across the forward estimates to NSW Treasury.

However, the Infrastructure Investor Assurance Framework defines the processes and frequency for sharing gateway review, project health checks and deep dive review reports. Assurance review reports are not routinely distributed to NSW Treasury. They are only shared to facilitate investment or financing decisions considered by the Expenditure Review Committee (ERC). Typically, NSW Treasury must request access to these reports, with INSW seeking approval from the relevant agency before releasing the information. This may create delays for NSW Treasury in obtaining the relevant information in a timely manner.

### **NSW Treasury introduced new policies applicable from July 2025 to Tier 1 projects**

NSW Treasury introduced new policies which are expected to improve transparency in sharing assurance review reports and strengthen agency capability through increased oversight, collaborative partnering and sharing of insights. The new policies complement the existing policies that are in place for capital projects.

*TPG 25-07 NSW Infrastructure Policy and Guidelines* introduces a formal mandate for the NSW Treasury Major Projects Division to have active involvement in Tier 1 projects.

*TD 25-03 and TPG 25-06 Contingency Management Special Access Protocols (CMSAP)* aims to improve central government oversight of project contingency budgets and includes:

- project forecasting - bank accounts or alternative arrangements
- monthly reporting - forecasts and actuals
- release of contingency in tranches with support from NSW Treasury
- integration with Assurance Health Checks.

Under the CMSAP policy, NSW Treasury now has access to the final reports from project health checks in the delivery phase for projects that are subject to the CMSAP policy. However, this does not extend to other projects such as those in the procurement phase. The assurance reports during other project phases may include information that is relevant and required by NSW Treasury.

#### **Case study - Contractor disputes**

An ongoing project experienced a significant delivery risk when the contractor responsible for design and construction indicated it would suspend works following unexpected conditions, with the contractor seeking adjustments to the delivery timelines and costs. The government currently disputes these adjustments.

Contractor disputes of this nature can generate high-impact delivery risks that extend beyond a single project, particularly when the contractors may be engaged across multiple projects or portfolios.

A centralised risk monitoring framework, coordinated by NSW Treasury and the delivery agency, would allow the NSW Government to:

- identify whether the contractor is involved in other ongoing projects and manage potential exposure to delivery delays or disputes
- assess whether to award new contracts when there are existing disputes with the contractor
- apply lessons from the incident to improve contractual risk allocation, obligations and clauses in current and future contracts
- ensure appropriate escalation and oversight mechanisms are activated early to protect the state's financial and operational interests.

### **8.3. Infrastructure NSW Investor Assurance Framework**

The *Infrastructure Investor Assurance Framework* (IIAF) is the NSW Government's risk-based assurance system for infrastructure projects valued at \$20 million or more. It applies to projects developed or delivered by general government agencies and State-Owned Corporations. The IIAF is administered by INSW, which serves as the Gateway Coordination Agency.

The IIAF was formally endorsed by the previous NSW Government in June 2016 and incorporated recommendations from our May 2015 performance audit report: [Large Infrastructure Projects: Independent Assurance](#). Under the IIAF, INSW is responsible for coordinating independent, risk-based reviews including, gateway reviews, health checks and deep dive reviews at critical project decision points, thereby strengthening the governance, accountability and assurance over capital infrastructure programs. By embedding independent scrutiny into the lifecycle of major capital projects, the IIAF seeks to reduce the risks of cost overruns, delays and project failure.

The IIAF established 4 project tiers, categorised based on estimated total cost and qualitative risk profile. Tier 1 encompasses projects deemed as high profile and high risk while Tier 4 projects are assessed to have the lowest risk profile. The scope of this report mainly focuses on Tier 1 projects.

For Tier 1 High Profile/High Risk (HPRH) projects:

- gates zero to 6 are mandatory
- health checks conducted at regular intervals (minimum 6 months) when in delivery phase
- health checks in other phases or additional checks outside of schedule as warranted by risk, issues, recommendation close-out or major change
- deep dives are not mandatory but triggered as required based on specific issues or high-risk matters.

<b>GATEWAY REVIEWS</b>	<b>Tier 1 – HPHR</b>	<b>Tier 2</b>	<b>Tier 3</b>	<b>Tier 4</b>
<b>Gate 0 Go/No Go</b>	Mandatory	Mandatory	As required	Not required
<b>Gate 1 Strategic Options</b>	Mandatory	Mandatory	Not required	
<b>Gate 2 Business Case</b>	Mandatory	Mandatory	Optional	
<b>Gate 3 Readiness for Market</b>	Mandatory	Optional	Optional	
<b>Gate 4 Tender Evaluation</b>	Mandatory	Optional	Optional	
<b>Gate 5 Readiness for Service</b>	Mandatory	Optional	Optional	
<b>Gate 6 Benefit Realisation</b>	Mandatory	Optional	Optional	
<b>HEALTH CHECKS</b>	<b>Tier 1 – HPHR</b>	<b>Tier 2</b>	<b>Tier 3</b>	<b>Tier 4</b>
<b>Development</b>	Optional	Optional	Optional	
<b>Procurement</b>	Optional	Optional	Optional	Not required
<b>Delivery</b>	Mandatory	Optional	Optional	
<b>DEEP DIVES</b>	<b>Tier 1 – HPHR</b>	<b>Tier 2</b>	<b>Tier 3</b>	<b>Tier 4</b>
<b>Any phase</b>	Optional	Optional	Optional	Not required

Source: Infrastructure NSW: Infrastructure Investor Assurance Framework (November 2024).

### **INSW updated guidance on the project health check timeframes**

The IIAF requires health checks for Tier 1 projects at regular intervals (minimum 6 months) during the delivery phase. INSW has advised, in practice, these health checks are conducted every 6 to 9 months. During COVID-19, these periods were longer as assurance processes and delivery of some projects was discontinued or progress was severely impacted.

In our analysis of the gateway reviews, health checks and deep dives conducted for the 9 selected projects we noted different timeframes for the project health check reviews during delivery phase. In some cases, gaps of one year or more between health check reviews were identified. This may limit the ability to detect and manage project risks early. INSW advises that deep dive reviews, have in some cases, replaced the mandatory health check review. While similar, the scope of a deep dive review may be narrower, focusing on a particular issue or limited terms of reference rather than the full array of key focus areas and matters normally covered in a project health check review.

INSW has clarified in March 2026 that health checks are expected to be performed every 6 to 9 months for Tier 1 projects during delivery phase.

### **The business case summaries for 3 of the selected projects are not published on the INSW website or any other website**

Agencies managing projects greater than \$100 million must prepare a summary of each final business case and publish on the INSW website following a publicly announced investment decision. Of the 9 projects reviewed, 3 did not have the business case summary published on the INSW website or any other website.

INSW advised the publishing of business case summaries on the INSW website started in 2018. The Metro City & Southwest and Parramatta Light Rail Stage 1 business case summaries were completed prior to 2018 and therefore not included on the INSW website. However, Sydney Metro published the business case summary for the City & Southwest project on its own website. The Penrith Football Stadium and Bradfield City Centre Stage 1 are currently in procurement phase. INSW advised the business case summaries for these 2 projects are currently being prepared.

The table below summarises gateway reviews, health checks and deep dives conducted for the 9 projects selected.

Project	Tier	Phase	Gateway Reviews	Health Checks	Deep Dives	Business Case Summary published
Bankstown Hospital	Tier 1	Investment decision	n/a	n/a	Yes	n/a**
Bradfield City Centre Stage 1	Tier 1	Procurement	Gate 1	Yes	Yes	No
Critical Communications Enhancement Program	Tier 1	Delivery and initial operations	Gate 2, 3, 4	Yes*	Yes	Yes
Metro City & Southwest	Tier 1	Delivery and initial operations	Gate 2, 3, 4, 5	Yes*	Yes	Yes***
Metro West	Tier 1	Procurement and Delivery	Gate 1, 2, 3, 4	Yes*	Yes	Yes
New Sydney Fish Market	Tier 1	Delivery and initial operations	Gate 1, 2, 3, 4, 5	Yes	Yes	Yes
Parramatta Light Rail Stage 1	Tier 1	Complete	Gate 2, 3, 4, 5	Yes*	Yes	No
Penrith Football Stadium	Tier 2	Procurement	Gate 1, 2	Yes	Yes	No
Powerhouse Parramatta	Tier 1	Complete	Gate 1, 2, 3, 4	Yes	Yes	Yes

\* These projects had gaps greater than the 6 to 9 months timeframe for health check reviews during the delivery phase.

\*\* Bankstown Hospital is in investment decision phase therefore, health checks not yet required. Currently drafting business case.

\*\*\* The business case summary for Sydney Metro City & Southwest is only published on Sydney's Metro's website.

Source: Infrastructure NSW.

INSW annually publishes its [Trends and Insights Report](#) which aggregates insights from these confidential assurance activities to provide an opportunity to evaluate the performance of the NSW infrastructure portfolio. These reports assess the trends affecting the performance of infrastructure projects and progress made in addressing previously identified key drivers of risks. While the reports for 2021 through to 2023 are publicly available on the INSW's website, the 2024 report has not been published despite having been prepared.

The *Trends and Insights 2023 Report* provides a summary of the critical recommendations made during the reviews by theme.

Across all 3 years, several core themes persisted:

- cost escalation and market capacity risk
- portfolio-level visibility and sequencing; procurement and delivery governance
- transition from development into delivery and operational phases.

These recurring concerns indicate that while agencies are maturing in some respects, the systemic risk drivers inherent in large infrastructure projects continue to require sustained focus at both project and enterprise levels.

**The past 3 editions of the INSW Trends and Insights Report have highlighted risk management as a high impact area, pointing to a need for stronger assessment, tracking and mitigation**

INSW monitors and reports on the performance of projects to inform the NSW Government of progress and risks. Projects are classified as on-track, at-risk or not-on-track based on the definitions in the IIAF. Some of the common reasons for an at-risk rating include:

- the introduction of the new industrial relations legislation leading to labour cost escalations
- general cost escalation in construction
- ground conditions
- design management.

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## Appendix 1 – Projects selected for review

Portfolio	Project	Agency
Transport	Parramatta Light Rail Stage 1	Transport for NSW
Transport	Metro City & Southwest	Sydney Metro
Transport	Metro West	Sydney Metro
Health	Bankstown Hospital	Ministry of Health
Creative Industries, Tourism, Hospitality and Sports	Powerhouse Parramatta	Department of Creative Industries, Tourism, Hospitality and Sport
Customer Service	Critical Communications Enhancement Program	New South Wales Government Telecommunications Authority
Planning, Housing and Infrastructure	Bradfield City Centre Stage 1	Western Parkland City Authority (trading as Bradfield Development Authority)
Treasury (including Infrastructure NSW)	New Sydney Fish Market	Infrastructure NSW
Creative Industries, Tourism, Hospitality and Sport	Penrith Football Stadium	Venues NSW

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## Appendix 2 – Performance audit reports on major capital projects (2020–2025)

The key insights and lessons in Chapter 3 were drawn from the findings covered in our performance audit reports on major capital projects published between June 2020 and present. The following reports were reviewed.

#	Published	Report Name
1	June 2020	<a href="#">CBD South East Sydney Light Rail: follow-up performance audit</a>
2	August 2020	<a href="#">Health capital works</a>
3	April 2021	<a href="#">Delivering school infrastructure</a>
4	May 2021	<a href="#">Acquisition of 4–6 Grand Avenue, Camellia</a>
5	June 2021	<a href="#">WestConnex: changes since 2014</a>
6	October 2021	<a href="#">Rail freight and Greater Sydney</a>
7	February 2023	<a href="#">Government's acquisition of private property: Sydney Metro project</a>
8	June 2023	<a href="#">Management of the Critical Communications Enhancement Program</a>
9	June 2024	<a href="#">Regional Digital Connectivity program</a>
10	April 2025	<a href="#">Northern Beaches Hospital</a>
11	October 2025	<a href="#">Rail Rolling stock procurement</a>

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## **OUR VISION**

Our insights inform and challenge government to improve outcomes for citizens.

## **OUR PURPOSE**

To help Parliament hold government accountable for its use of public resources.

## **OUR VALUES**

Pride in purpose  
Curious and open-minded  
Valuing people  
Contagious integrity  
Courage (even when it's uncomfortable)



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