

LEGISLATIVE ASSEMBLY



Public Accounts Committee

Fifth Report on the Examination of the Auditor-General's Performance Audits

Signal Failures on the Metropolitan Rail Network,
Recycling and Reuse of Waste by the NSW Public Sector,
Improving Literacy and Numeracy in NSW Public Schools

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Terms of reference

Public Finance and Audit Act 1983

57 Functions of Committee

(1) The functions of the Committee are:

...

- (c1) to examine any report of the Auditor-General laid before the Legislative Assembly,
- (d) to report to the Legislative Assembly from time to time upon any item in, or any circumstances connected with, those financial reports, reports or documents which the Committee considers ought to be brought to the notice of the Legislative Assembly...

Chair's foreword

I am pleased to table the Public Account Committee's fifth report under its comprehensive performance audit follow-up review programme. Since implementing the programme, the Committee has seen tangible evidence of its effectiveness, with agencies providing comprehensive information on the action they have taken in the year since the performance audit was tabled, and agreeing to adopt recommendations they had previously rejected in the face of evidence of the recommendations' efficacy.

In our fourth follow up report, we quoted the Director-General of the Department of Education who had stated, "Since our March correspondence, which informed the Committee of our response to the recommendations of the audit, we as a departmental executive met and modified to some extent the bald rejection of a couple of those proposals."¹ The Director-General then went on to say that the Committee's review process "is a good mechanism for keeping the pressure on us and, frankly, it was part of the reason that we as an executive revisited the March response."²

While we found the Department of Environment, Climate Change and Water and the Department of Education and Training to be very responsive to our inquiries, the same cannot be said of RailCorp. In the Committee's opinion, RailCorp's repeated delays in responding to the Committee's requests for information and its inconsistent and confusing answers mean that it has failed to discharge its obligations to Parliament in a timely and transparent manner. The Public Accounts Committee was set up to examine the efficiency and effectiveness of government activity on behalf of the people of NSW, and it is not for RailCorp to decide that it will undermine the Committee's capacity to fulfil its role.

I would like to thank the Auditor-General and the Audit Office staff, as well as the departmental staff who assisted us with our inquiries. I also thank the Members of the Committee for their hard work.



Paul Gibson MP
Chair

¹ Michael Coutts-Trotter (Director General, Department of Education), Committee Proceedings, 12 August 2009, p. 9.

² As above, p. 11.

List of recommendations

CHAPTER ONE - INTRODUCTION

CHAPTER TWO - SIGNAL FAILURES ON THE METROPOLITAN RAIL NETWORK

Recommendation 1

The Committee recommends that RailCorp negotiate with the COMET/Nova International Benchmarking group to publish industry averages for the purpose of publicly reporting on RailCorp's performance.

CHAPTER THREE - RECYCLING AND REUSE OF WASTE BY THE NSW PUBLIC SECTOR

Recommendation 2

The Department continues to identify high waste generating reporting-exempt agencies in order to encourage them to provide data on their WRAPP performance.

CHAPTER FOUR - IMPROVING LITERACY AND NUMERACY IN NSW PUBLIC SCHOOLS

Recommendation 3

The Committee recommends that the Department ensure that all schools set literacy and numeracy targets, develop strategies for meeting those targets, and report against those targets.

Chapter One - Introduction

- 1.1 The Public Accounts Committee inquires into agency responses to all of the NSW Auditor-General's performance audits one year after the audits have been tabled. The Auditor-General conducts approximately 10 performance audits each year and, in doing so, examines the effectiveness, efficiency and economy of government activity. The Auditor-General's findings assist agencies to improve their performance, and provide insight into agency practice with respect to the issues under examination.
- 1.2 This report on the examination of the Auditor-General's performance audits is the Committee's fifth since it adopted its comprehensive follow-up process in 2007, and outlines the Committee's findings on its inquiries into signal failures, recycling and literacy and numeracy. The Committee has made one recommendation in relation to each inquiry and strongly encourages the respective agencies to take them up.
- 1.3 With one exception, the Committee was pleased with the level of cooperation and dialogue between the participants involved in the inquiries. Unfortunately, the Committee is of the opinion that RailCorp was not as open and responsive as it could have been, and the Committee has concluded that RailCorp has not adequately discharged its obligations to the NSW Parliament.

Inquiry process

- 1.4 In line with the Committee's performance audit review process, the Committee:
 - asked the agencies for a submission on their responses to the Auditor-General's performance audit 12 months after the audits were tabled;
 - referred those submissions to the Auditor-General for comment; and
 - invited two of the agencies' CEOs and the Auditor-General to a hearing to respond to the Committee's questions.
- 1.5 While the Committee held a hearing on signal failures and recycling, it did not hold a hearing on literacy and numeracy. The Committee decided to cancel its proposed hearing on this last matter after receiving an updated submission with detailed information about the progress of the Department of Education and Training's activities. The Department's comprehensive second submission enabled the Committee to assess its response to the performance audit without taking further action.
- 1.6 The Committee notes that while it may choose to call a hearing for a number of reasons, including because it is impressed with an agency's activities and wants to learn more, the likelihood that the Committee will need to conduct a hearing obviously decreases if agencies provide full and frank information from the outset.

Chapter Two - Signal Failures on the Metropolitan Rail Network

INTRODUCTION

- 2.1 The signalling system ensures the safe passage of trains on the rail network by locking all points on a train's route and preventing trains from crossing paths. A signal will not be displayed to the driver until the route is set, locked and deemed safe. If a signal fails, trains must stop or slow down until staff respond to the failure and, consequently, signal failures have a significant impact on the on-time running capacity of the rail network.³
- 2.2 The Auditor-General examined whether RailCorp was effectively managing the risk of signal failures on the metropolitan network. To answer this question, he asked whether the number and duration of signal failures compromised RailCorp's on-time running target, requiring that 92 per cent of peak hour trains run on time.⁴
- 2.3 The Auditor-General found that RailCorp had significantly improved its management of signal failures and identified six RailCorp initiatives as examples of good practice. Although statistics indicated that both the number and duration of signal failures and incidents had decreased between 2004 and 2006, definition, timetable and target changes over that period made it difficult to determine if the statistics reflected a genuine improvement in performance.
- 2.4 In addition, the Auditor-General expressed concerns about RailCorp's ability to meet its State Plan obligations to increase public transport patronage, staff numbers and skill levels, particular aspects of RailCorp's response framework, and the need for more robust monitoring and reporting practices. The Auditor-General put forward 12 recommendations designed to address these shortcomings.
- 2.5 The Committee was generally pleased with the initiatives RailCorp indicated it had undertaken in order to comply with the Auditor-General's recommendations. However, the Committee was not satisfied that RailCorp had identified the kind of signalling system it would need to meet its State Plan public transport patronage targets by 2016. Following a hearing and several requests for additional information, the Committee determined that RailCorp had adequately addressed the recommendation.
- 2.6 The Committee also inquired into RailCorp's benchmarking practices, staff shortages, incident response framework, systematic risk assessments and reporting activities. The Committee recommends that RailCorp consider enhancing the transparency of its benchmarking activities.
- 2.7 The Committee notes and is concerned that this performance audit follow-up inquiry ran for 21 months. RailCorp advised the Committee that its delay in responding to the Committee's requests for information was in part due to the management restructure undertaken in response to an Independent Commission Against Corruption inquiry. Nonetheless, the Committee is of the opinion that the undue length of response time

³ Auditor-General, *Auditor-General's Report: Performance Audit: Signal Failures on the Metropolitan Rail Network*, Audit Office of NSW, NSW, 2007, p. 9.

⁴ As above, pp. 2 and 14.

by RailCorp to requests for information has been completely unsatisfactory and should not be repeated.

- 2.8 After stating in its initial submission that a signal strategy for meeting its State Plan targets would be finalised by December 2008, RailCorp sent the Committee the executive summary of a draft document entitled *Asset Strategy: Signalling and Control Systems Strategy 2009 – 2040* in May 2009. This document did not mention the State Plan, RailCorp's obligations under the State Plan, present performance, projected outcomes or what changes would be needed to meet demand. At the hearing in August 2009, the Committee was told unequivocally that such a signal strategy was in the draft Total Asset Management Plan that was being considered by the Government and, as such, the Committee could not see it.
- 2.9 In September 2009, the Committee asked RailCorp to send the Committee a copy of the Total Asset Management Plan upon completion. Two months later, the Committee was told that RailCorp's Signalling Strategy had been designed to meet RailCorp's State Plan targets but that it would not be available until the end of February as it was being updated. Finally, on 26 February 2010, the Committee was informed that "RailCorp has updated it's (sic) strategy and produced the attached 'Signalling System Future Capacity Plan' to demonstrate how this is being achieved."⁵ While this Plan does indeed set out the signalling system RailCorp needs to meet its State Plan targets, the Committee notes that it is a new document and that it has still not seen any of the other documents RailCorp referred to. The Committee considers that RailCorp did not discharge its Parliamentary accountability obligations in a transparent and timely manner.

The Performance Audit

Audit Objectives

- 2.10 The Auditor-General sought to determine whether RailCorp was effectively managing the risk of signal failures by asking if the number and duration of signal failures was low enough to support its on-time running target.⁶ At present, a train is 'on time' if it arrives at its destination within five minutes of its scheduled arrival time if it is a suburban train, and within six minutes of its scheduled arrival time if it is an intercity train.⁷ Trains that do not arrive on time are classified as 'delayed', and a signalling 'incident' occurs when one or more peak trains are delayed because of a signal failure.⁸

Audit Conclusions

- 2.11 The Auditor-General found that between 2004 and 2006:
- the number of signalling incidents fell by 45%;
 - RailCorp met its monthly signalling failure targets most of the time;
 - the number of peak trains delayed because of signal failures fell by 64%; and

⁵ RailCorp, Submission on the Inquiry into Signal Failures on the Metropolitan Network, Submission No. 5, 26 February 2010, p. 1.

⁶ Auditor-General, *Signal Failures on the Metropolitan Rail Network*, p. 2.

⁷ As above, p. 12.

⁸ As above.

- signalling downtime fell by 17%.⁹
- 2.12 However, the Auditor-General could not determine the extent to which these results were attributable to definition, timetable and target changes, or to improved performance.¹⁰ In June 2005, the definition of 'delayed' was changed from four minutes or more to five minutes or more.¹¹ Timetable changes in September 2005 also led to more time between trains, which created more time for staff to respond to signal failures and reduced the impact of one late train on subsequent trains.¹² In addition, the infrastructure incident target increased from 27 to 39 in July 2004, before going back down to 26 when the new timetable came into effect.¹³
- 2.13 A more solid indication of improved performance was the fact that the number of 24-hour signal failures on the greater metropolitan network fell by nine per cent over the period examined.¹⁴ In addition, the Auditor-General identified several initiatives relating to asset management, incident response, monitoring and reporting, training and vandalism as examples of good practice. In response to the repeated failure of clawlocks, for example, RailCorp conducted an investigation and found that few staff had received formal training on the locks and there was no guidance material on their maintenance and repair.¹⁵ Following the development of a manual and staff training exercises, there was a reduction in signal failures as a result of these locks.¹⁶
- 2.14 A number of areas for improvement were identified by the Auditor-General, including the following:
- as the signal failure target was solely based on past performance (and not reliability modelling), it did not adequately convey the maximum number or length of failures the network could tolerate while still retaining service levels;
 - RailCorp did not have a long-term maintenance and capital investment plan for signals that would help it meet its State Plan public transport patronage targets by 2016;
 - RailCorp did not know the impact its incident response framework was having on signal failures;
 - the deployment of rapid response staff across the network was not based on a systematic risk analysis that would more accurately demonstrate which staff were needed in which locations and at which times;
 - RailCorp had not adequately reviewed the impact of the worldwide shortage of signalling engineers and electricians on its capacity to address signal failures;
 - RailCorp did not benchmark its response performance against other networks; and
 - RailCorp continued to report on peak hour performance only.¹⁷

⁹ As above, pp. 3 – 4.

¹⁰ As above, pp. 8 and 26.

¹¹ As above, p. 8.

¹² As above, pp. 8 and 15.

¹³ As above, p. 15.

¹⁴ As above, p. 2 – 3.

¹⁵ As above, p. 22.

¹⁶ As above.

¹⁷ As above, pp. 14, 16, 29, 31, 33 and 34.

Audit Recommendations

2.15 The Auditor-General made the following 12 recommendations concerning the need to better prevent, address, monitor and report on signal failures:

1	Use both past performance and reliability modelling to estimate the number of signal failures the network can tolerate and set targets accordingly (page 15)
2	Determine the signalling system it needs to meet the government's 2016 patronage target as soon as possible, and documents by the end of 2008 how it intends to get there (page 20)
3	Ensures that it balances the resource demands of maintaining the existing network and eliminating the backlog against those arising from planned network expansion and improvement projects (page 22)
4	Where possible redesign work practices to help address the emerging shortage of signal engineers and electricians (page 22)
5	Benchmark the reliability of its signalling assets against other railway operators with similar operating environments (page 23).
6	Use both past performance and reliability modelling to estimate the duration of signalling delays the network can tolerate and set targets accordingly (page 29)
7	Review by the end of 2008 how its incident response framework impacts on signal incidents (page 31)
8	Base incident response strategies on a systematic risk assessment (page 33)
9	Review competencies of staff involved in signal asset management or incident response by the end of 2008 and address skills gaps (page 33)
10	Benchmark incident response against other railway operators with similar operating environments (page 35)
11	Implement in 2007-08 its plans to move to 24 hour on-time running reporting (page 35)
12	Monitor and report on asset performance and its impact on on-time running on a regular basis (page 35).

The Committee's Examination

2.16 The Committee is pleased with the steps RailCorp has taken to implement the Auditor-General's recommendations. Among the initiatives RailCorp has undertaken are:

- the piloting of applications that model the relationship between signal reliability and service punctuality;
- RailCorp's membership of the COMET/Nova International Benchmarking community;
- the re-accreditation of all signal staff, the identification of training needs and the development of training plans; and
- the introduction of 24-hour on-time running performance reporting and the publication of this performance information on the City Rail website.¹⁸

2.17 The Auditor-General's submission raised concerns in relation to RailCorp's response to two of his recommendations. The first was that RailCorp did not indicate whether the shortage of signal engineers and electricians would prevent it from carrying out ongoing maintenance in the face of planned network expansions and improvement

¹⁸ RailCorp, Submission on the Inquiry into Signal Failures on the Metropolitan Network, Submission No. 1, 29 September 2008, pp. 2, 3 and 4.

projects.¹⁹ The second was that, in response to his recommendation to regularly monitor and report on asset performance and its impact on on-time running, he would have expected enhanced public reporting, in addition to the enhanced internal reporting outlined in RailCorp's submission.²⁰

- 2.18 The Committee subsequently wrote to RailCorp seeking its response to the Auditor-General's observations. The Committee also asked for more information on RailCorp's draft long-term signal strategy; the outcome of its review on the impact of its incident response framework on signal incidents; and the outcome of its review on the adequacy of its strategy for deploying rapid response staff, all of which were to be finalised by the end of 2008.
- 2.19 Upon receiving a final response in May 2009, the Committee considered the following six issues in detail:
- RailCorp's long-term signal strategy;
 - RailCorp's benchmarking activities;
 - the impact of staff shortages on ongoing maintenance;
 - the impact of the incident response framework on signal incidents;
 - systematic risk assessments and the incident response framework; and
 - enhanced internal and public reporting.
- 2.20 As RailCorp had not provided evidence that it did in fact have a long-term signalling strategy enabling it to meet its State Plan patronage targets, the Committee decided to hold a hearing to explore this and other issues.

Long-term signal strategy

- 2.21 The Committee was concerned that RailCorp did not demonstrate that it had a long-term signalling strategy that ensured that it would meet its State Plan public transport patronage targets by 2016.²¹ The State Plan now stipulates that, by 2016, 80% of peak hour trips to the city should be made by public transport, and 28% of trips to work in the Sydney metropolitan region should be made by public transport.²²
- 2.22 In his initial report, the Auditor-General stated that RailCorp "is currently developing a long term operating plan which will specify the functional requirements of the signalling system to 2016 and beyond." The Auditor-General subsequently noted that this plan would contain the "functional requirements for the signalling system to meet the government's 2016 targets," and recommended that RailCorp determine "the signalling system it needs to meet the government's 2016 patronage targets as soon as possible, and documents by the end of 2008 how it intends to get there."²³

¹⁹ Auditor-General, Submission on the Inquiry into Signal Failures on the Metropolitan Network, 23 October 2008, p. 3.

²⁰ As above.

²¹ Auditor-General, *Signal Failures on the Metropolitan Rail Network*, p. 11.

²² NSW Government, *NSW State Plan*, p. 1, retrieved 4 June 2010, <http://www.nsw.gov.au/sites/default/files/uploads/common/State-Plan-Performance-Report-2010_Better-Transport-%26-Cities.pdf>. At the time of the audit, the State Plan targets were 75% and 23% respectively. As these targets had been met by the time the Government reviewed the State Plan, they were increased. These changes do not impact on the Committee's point, which is that RailCorp ought to have a strategy in place for meeting its targets.

²³ Auditor-General, *Signal Failures on the Metropolitan Rail Network*, pp. 19 and 20.

Signal Failures on the Metropolitan Rail Network

- 2.23 In response to the Committee's written inquiries about this long term operational plan, the Committee was given a copy of the executive summary of a draft document entitled *Asset Strategy: Signalling and Control Systems Strategy 2009 – 2040*.²⁴ While the document discussed RailCorp's signalling system and identified its development priorities for the future, it did not refer to the 2016 patronage targets, or any other performance indicators or targets. The strategy did not include dates by which stages in the strategy were to be achieved or link progress in the strategy to achieve expected or desired service levels. The strategy therefore only provided a framework for action without real guidance on the level of priority for each stage of development.
- 2.24 To adequately plan for future service levels, such as the State Plan's 2016 targets, it is necessary to determine the signalling system required and a plan for how the system can meet the required standard by that time. Failure to do so could result in significant unexpected capacity restraints or an inefficient use of RailCorp's resources. This may lead to developing systems that will fail to meet the required objectives or over-investing in signals when resources could have been more usefully employed elsewhere.
- 2.25 At the hearing, the former Chair, Mr Paul McLeay MP, asked RailCorp's Chief Executive Officer, Mr Robert Mason, to confirm that RailCorp did in fact have an adequate long term signalling strategy:
- CHAIR:** The concern is in recommendation No. 2, which says that you need to determine the signalling system you need to meet the Government's platform level targets and, by the end of 2008, document how you intend to get there. You have said you have accepted the recommendation but we have not seen any evidence... Perhaps you could give us more confidence around that.
- Mr MASON:** As I said, that is the Total Asset Management Plan, which is the 10-year plan that is with the Government at the moment for the building of new infrastructure as well as the signalling system.²⁵
- 2.26 Mr Mason informed the Committee that the Total Asset Management Plan is revised every six months and that the latest version was in draft form only.
- 2.27 The Committee notes that an adequate signalling strategy is vital for the functioning of the rail network. As the Auditor-General stated at the hearing:
- One point I would stress is that the Government intends to significantly increase public transport usage over the next 10 years while maintaining on-time running. If this is the case the signalling system will be critical to creating both the capacity and the demand needed to achieve this. That is why our second recommendation is so critical in relation to determining the signalling system RailCorp needs to meet the Government's 2016 patronage target.²⁶
- 2.28 After the hearing, the Committee wrote to RailCorp asking to see the Total Asset Management Plan upon completion. In February 2010, RailCorp sent the Committee its *Signalling System Future Capacity Plan*. After noting that "RailCorp's immediate asset plans have been designed to support timetable changes up to 2016, consistent with achieving the 2016 State Plan targets," the Plan states:

²⁴ The Committee has chosen to treat this document as confidential as it is in draft form and thus it is not available on the Committee's website.

²⁵ Peter Draper and Robert Mason (Chief Executive Officer, RailCorp), Committee Proceedings, 12 August 2009, p. 7.

²⁶ Peter Achterstraat, Committee Proceedings, 12 August 2009, p. 2.

RailCorp has adopted a systems engineering approach to system capability growth where future timetables have been analysed to identify asset requirements. The rail Capital and Major Periodic Maintenance Programs are focused on optimising network capability and asset condition to meet projected demand. Assets are upgraded to support a total corridor completion strategy matched to timetable change events. This means:-

- Infrastructure growth program increases route capability (the number of trains per hour)
- Signalling program provides for the increased route capability in terms of both capacity and control flexibility and resilience.
- Rollingstock program provides additional trains to increase service levels.
- Electrical program provides power to support additional trains.
- Stabling program provides storage for trains to be stabled overnight and between peak periods.
- Maintenance facility program provides modern fleet support facilities.²⁷

2.29 With respect to signals more specifically, the Plan states:

RailCorp's current signalling upgrade program consists of both Capital and Major Periodic Maintenance (MPM) projects. These projects are designed to enhance system capability by enabling up to 20 trains per hour to operate in peak periods on designated parts of the network, as well as supporting the operation of freight and CountryLink trains on mixed traffic corridors.

Future timetables have been developed to identify future capacity pinch-points which would constrain the availability of peak hour capacity. The signalling upgrade program considers these capacity pinch-points and ensures signalling design specifications meet future operating requirements.²⁸

2.30 The Committee notes that the Plan contains capacity targets and the dates by which RailCorp hopes to achieve those targets, as well as a timeline for signal and control system upgrades.²⁹

2.31 The Committee is satisfied that RailCorp has a long-term signal strategy that identifies actions to meet its 2016 State Plan patronage targets.

Benchmarking

2.32 In its written submission, RailCorp informed the Committee that it had joined the COMET/Nova International Benchmarking community. At the hearing, Mr Peter Draper MP asked Mr Mason to provide the Committee with more information:

Mr PETER DRAPER: ...Will you advise the Committee what the membership of [the COMET/Nova] benchmarking community involves? What has RailCorp learnt from being a part of it and are there any aspects in which RailCorp excels or could improve? What changes are being made as a result of the benchmarking?

Mr MASON: ...In 2007 we were lucky enough to be elected to the COMET/Nova group. COMET includes Moscow, Paris, London, New York. Nova includes Rio, Bangkok, Newcastle in the United Kingdom, Milan and various others. It is a totally confidential benchmarking group that are not allowed to share any results with other metros. It is a common benchmarking group where we have to agree the definitions first, and clearly

²⁷ RailCorp, Submission on the Inquiry into Signal Failures on the Metropolitan Network, Submission No. 5, introduction.

²⁸ As above.

²⁹ As above, pp. 3 and 5 – 7.

we have different definitions for an "incident" from what Hong Kong has. They talk about two-minute delays whereas we talk about five-minute delays. So there is that difference in trying to get the right level of data—agreed data. We then share that and it is actually produced by one of the London universities as the controller of the data.

Now that has looked at rolling stock reliability, signalling reliability, various benchmarks in terms of the various aspects of the railway, staffing ratios and things like that. We have that as an annual review. Specifically, we can ask other questions of the other metros in our groups which will be totally confidential. So, for instance, we asked all the other metros about how they deal with sick passengers on trains or how they would deal with the long dwell times on platforms, what techniques they use for tweaking the timetable or the operation of the railway. So we have got annual reviews and also we have specific questions which we can ask them and they come back within 10 days. So certainly lessons are learnt...

- 2.33 The Committee commends RailCorp for working with other jurisdictions to find solutions to Sydney's signalling problems. However, it notes with interest the following comments of the Auditor-General, Mr Peter Achterstraat:

In relation to the benchmarking issue, it is important as an internal management tool to be able to benchmark and to be able to learn from other areas. There is also a benefit for transparency to be able to publish some of the material. I do accept that a lot of the material is given in confidence and if it is published then it will not be provided. But I would encourage the organisers of the benchmarking to maybe come up with an industry average that does not identify the rail networks. So each rail network would be able to compare with the industry average...

Recommendation 1

The Committee recommends that RailCorp negotiate with the COMET/Nova International Benchmarking group to publish industry averages for the purpose of publicly reporting on RailCorp's performance.

Impact of staff shortages on ongoing maintenance

- 2.34 The Committee is satisfied with the steps RailCorp is taking to implement the Auditor-General's recommendations to ensure it has sufficient signalling staff to undertake ongoing maintenance work in addition to new projects. RailCorp informed the Committee that it is:

- bringing in skilled resources from the private sector;
- developing training curricula to upskill junior members of staff;
- taking on an increasing number of graduates, interns and apprentices; and
- conducting a national and international recruitment drive.³⁰

- 2.35 Moreover, Mr Mason informed the Committee at the hearing that RailCorp employs 10 more engineers than it did when the performance audit was first undertaken, and that it has 28 interns with various levels of experience.³¹

³⁰ RailCorp, Submission on the Inquiry into Signal Failures on the Metropolitan Network, Submission No. 3, 7 May 2009, p. 2.

³¹ Robert Mason, Committee Proceedings, p. 5.

Impact of incident response framework on signal incidents

- 2.36 The Auditor-General recommended that RailCorp review “how well its incident response framework impacts on signal incidents,” noting that RailCorp should “review how well this framework is implemented, the extent to which it meets its objectives, and how well it captures lessons for continuous improvement.”³²
- 2.37 RailCorp informed the Committee that:
- RailCorp has reviewed how its incident response framework has impacted on the impact of signalling incidents. Conclusions reached indicate that the framework, and especially the implementation of Major Incident Management (MIM) arrangements, has had no negative impact on the management of signalling incidents. The MIM initiative has been successful in RailCorp in focusing the efforts of operational management. It is minimising the impact of both operational and engineering incidents.
- The signalling engineering discipline has always organised itself to minimise the impact of signalling failures. The new RailCorp Incident Response Framework has had a positive overall effect on minimising the impact of incidents and has not had any noticeable impact on signalling response or repair times. Signalling maintenance teams are working effectively with the new framework. The overall framework has had a very positive impact for the company.³³
- 2.38 The Committee understands that the Major Incident Management arrangements assist in reducing the consequences of a signal failure through such means as re-routing trains and keeping commuters informed of changes. RailCorp's review of the incident response framework found that the Major Incident Management arrangements were reducing the impact of signal failures on commuters without having any adverse impact on the time taken to repair the signal failure.

Systematic risk assessments and the incident response framework

- 2.39 In response to the Committee's questions about whether its strategy for deploying rapid response staff included a systematic risk assessment, RailCorp stated that “the most appropriate location for signalling response staff has to be continuously kept under review” and that “[t]he latest review has indicated that signalling response is properly adjusted for risk but that some minor changes would be beneficial.”³⁴ RailCorp has indicated that it is adjusting signalling depot and standby arrangements to better match the present requirement.

Enhanced internal and public reporting

- 2.40 The Auditor-General stated that:
- RailCorp has several forums to monitor response performance, and regularly distributes performance reports to regions. ...It needs, however, to benchmark its response performance and practice against other networks and report on-time running and delays on a 24 hour basis.³⁵
- 2.41 The Committee is pleased with the action RailCorp has taken to address the Auditor-General's concerns, including:

³² Auditor-General, *Signal Failures on the Metropolitan Rail Network*, pp. 29 and 31.

³³ RailCorp, Submission on the Inquiry into Signal Failures on the Metropolitan Network, Submission No. 3, p.

2.

³⁴ As above, p. 3.

³⁵ Auditor-General, *Signal Failures on the Metropolitan Network*, p. 34.

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- undertaking benchmarking exercises with other networks;
- reporting internally on a weekly, monthly and quarterly basis (on operational, tactical and strategic issues, respectively);
- publishing 24-hour on-time running information online; and
- publishing online information on incidents that are investigated for causing 10 or more train delays.³⁶

2.42 According to RailCorp, the amount of performance data it publishes on the internet and in its Annual Report is comparable with similar agencies in Australia and overseas.³⁷

³⁶ RailCorp, Submission on the Inquiry into Signal Failures on the Metropolitan Network, Submission No. 1, pp. 3 – 4; and RailCorp, Submission on the Inquiry into Signal Failures on the Metropolitan Network, Submission No. 3, p. 3.

³⁷ RailCorp, Submission on the Inquiry into Signal Failures on the Metropolitan Network, Submission No. 3, p. 3.

Chapter Three - Recycling and Reuse of Waste by the NSW Public Sector

Introduction

- 3.1 The Waste Reduction and Purchasing Policy (WRAPP) applies to paper products, office products, vegetation materials and construction materials. It stipulates that agencies must minimise, reuse and recycle waste, and give priority to buying materials with recycled content. WRAPP is supported by the Department of Environment, Climate Change and Water (DECCW).
- 3.2 In his performance audit of the recycling and reuse of waste by the NSW public sector, the Auditor-General asked whether WRAPP had been successfully implemented by DECCW, and whether the public sector had reduced its waste and increased recycling.
- 3.3 The Auditor-General found that DECCW had done a good job promoting WRAPP compliance, with 95% of agencies reporting to DECCW in 2007 and a large number of those demonstrating good performance. He also found that, between 2001 and 2007, the amount of waste reused and recycled increased from 73% to 92%, and the proportion of recycled content paper purchased increased from 27% to 35%.
- 3.4 However, disaggregated data highlighted some inconsistencies, with the purchase of construction material with recycled content increasing from 6% to 45%, while the reuse of toner cartridges declined from 79% to 47%. Other concerns of the Auditor-General included recently granted reporting exemptions to agencies with less than 200 employees, and the need to review the Policy so that it reflects current thinking on sustainable purchasing.
- 3.5 The Auditor-General recommended that DECCW develop additional targets, regularly review agency WRAPP plans, review state contracts, encourage and assist reporting, and update the WRAPP program. The Department accepted all of the Auditor-General's recommendations, although it identified delays in asking agencies to submit their WRAPP plans, and writing to non-complying agencies to remind them of their WRAPP reporting obligations. To seek further information about these delays and other WRAPP issues, the Committee conducted a hearing.
- 3.6 The Committee was pleased with the Department's responses to its inquiries, as well as with the constructive relationship between the Audit Office and the Department. Their collaborative approach to achieving better WRAPP outcomes is commendable. The Committee hopes that this inquiry has been similarly helpful and that the Department will take up the Committee's recommendation to encourage additional high waste generating reporting-exempt agencies to provide data on their WRAPP performance.

The Performance Audit

Audit Objectives

- 3.7 The audit examined whether DECCW had successfully supported agencies to implement WRAPP, and whether WRAPP had brought about a reduction in waste and an improvement in recycling.

Audit Conclusions

3.8 The audit found that DECCW had promoted the implementation of WRAPP effectively. In particular, it noted that DECCW had:

- developed a program to achieve WRAPP's objectives;
- communicated the program requirements to agencies;
- provided support to agencies through seminars, publications, etc.;
- monitored, evaluated and reviewed agency progress; and
- publicly reported whole of government progress.³⁸

3.9 The audit also found that WRAPP had been successful, with a significant increase in recycling and the use of products with recycled content. While the rate of recycling increased from 73% to 92% between 2001 and 2007, the proportion of paper with recycled content increased from 27% to 35% over that same period.³⁹

3.10 However, the Auditor-General expressed concerns that more could be done. In particular he drew attention to the following shortcomings:

- agencies with less than 200 staff no longer had the same reporting requirements (including high waste generators such as Landcom);
- although there were waste reduction, reuse, and recycling targets, there were no targets for purchasing materials with recycled content;
- relevant State Contracts did not contain information that would encourage the purchase of recycled content products;
- there were mixed results for some indicators, such as a reduction in the reuse of toner cartridges and an increase in paper use, which highlighted a reduction in environmentally friendly behaviour; and
- sustainable purchasing practices in other jurisdictions were more progressive, including New Zealand, for example, where the legality of the harvesting, the use of sustainable growth forests, and the type of chemicals used are all considered by agencies when purchasing paper.⁴⁰

Audit Recommendations

3.11 The Auditor-General made six recommendations concerning the need to improve compliance and reporting, and to update the Policy. A table of these recommendations appears below:

1	Develop specific targets as part of WRAPP for purchasing materials with recycled content and report on performance in its biennial reports (page 12)
2	Regularly review agency WRAPP plans, including plans prepared by state owned corporations, against policy requirements and provide feedback (page 14)
3	In consultation with the Department of Commerce, review relevant State Contracts to ensure they assist agencies to optimise WRAPP outcomes (page 14)

³⁸ Auditor-General, *Auditor General's Report: Performance Audit: Recycling and Reuse of Waste by the NSW Public Sector*, Audit Office of NSW, NSW, 2008, p. 3.

³⁹ As above, p. 4.

⁴⁰ As above, pp. 3, 4, 16 and 23 – 25.

4	Encourage and assist the large waste generators exempted from biennial reporting to continue to provide data on their WRAPP performance (page 14)
5	In consultation with NSW Treasury, write to non-complying agencies and remind them of their WRAPP obligations under annual reporting legislation (page 15)
6	Review the WRAPP program to: <ul style="list-style-type: none"> • ensure it reflects current thinking in sustainable purchasing, recycling and reuse (page 16) • recognise the important role of the Department of Commerce in the implementation of WRAPP (page 16) • consider requiring large waste generating agencies to report performance against their own individual targets (page 17) • identify further measures to reduce overall paper consumption and increase the use of recycled content paper (page 26) • clarify the method to be used for assessing and reporting the amounts of construction waste generated, especially fill and virgin excavated natural material (page 28) • consider introducing more challenging targets for recycling and reuse which are specific to WRAPP (page 28)

The Committee's Examination

- 3.12 According to the NSW Government:
Sustainability in the NSW public sector means addressing the needs of current and future generations through the integration of social justice, economic prosperity and environmental protection in ways that are transparent, accountable and fiscally responsible.⁴¹
- 3.13 Furthermore, the Government says its commitment to sustainability is necessary because the earth's resources are finite, much current resource use is inefficient, and everyone has a responsibility to act sustainably.⁴²
- 3.14 Given the importance of promoting sustainable government practices, the Committee was pleased to inquire into the response of DECCW to the Auditor-General's timely audit of the sustainable waste practices of NSW government agencies.
- 3.15 Although DECCW's submission stated that the Department had accepted all of the Auditor-General's recommendations, it identified delays in asking agencies to submit their WRAPP plans and writing to non-compliant agencies to remind them of their WRAPP reporting obligations. The Auditor-General's submission also identified gaps in DECCW's reviews of State Contracts. The Committee decided to hold a hearing to inquire into these issues, as well as into the impact of the recycling industry collapse on agency recycling practices, and of the reporting exemptions on the success of WRAPP.

Review agency WRAPP plans

- 3.16 Mr John Turner MP asked representatives from DECCW about the delay in reviewing the WRAPP plans of the top 15% of agencies with high disposal rates but low recycling rates. Mr Peter Salier, a Senior Project Officer, explained that DECCW had

⁴¹ Department of Premier and Cabinet, *Whole of Government Sustainability Principles*, viewed on 1 December 2009, at <http://www.dpc.nsw.gov.au/publications/strategic_management_framework/nsw_whole-of-government_sustainability_principles>.

⁴² As above.

delayed the review until February 2010 as the Department was busy reviewing WRAPP reports at that time.⁴³

- 3.17 In response to a question taken on notice at the hearing, DECCW informed the Committee that the top 15% of agencies that reported in 2007 with high disposal rates and/or significant purchasing requirements but low recycling rates were Country Energy; the Department of Education and Training; the Department of Housing; the Land and Property Authority; Rail Corporation NSW; the Roads and Traffic Authority; Sydney Olympic Park; the Transport Infrastructure Development Corporation; the Sydney Catchment Authority; Energy Australia; the Department of Environment, Climate Change and Water; Integral Energy Australia; Landcom; South Eastern Sydney and Illawarra Area Health Service; Sydney Water Corporation; WSN Environmental Solutions; and Taronga Conservation Society Australia.⁴⁴

Encourage compliance with WRAPP reporting obligations

- 3.18 Dr Carolyn Davies, a Director at DECCW, informed the Committee that the Department had delayed writing to agencies to remind them of their WRAPP reporting obligations until 2010 as Treasury had indicated that it would be changing its annual reporting requirements. When the Auditor-General expressed concern about the delay, Mr Timothy Rogers, the Executive Director of Departmental Performance at DECCW, informed the Committee that it had held workshops with agencies about their annual reporting requirements in May 2009, and that this information would thus have been useful to the attendees who then prepared reports for the 2008-09 period.⁴⁵

Review state contracts

- 3.19 The Department's process for conducting sustainability reviews of state government contracts was pursued by Mr Ninos Khoshaba MP, who asked about its reviews of the workplace supplies and integrated waste management contracts. The response of Mr Rogers highlighted the important role played by DECCW in enhancing the environmentally sustainable performance of government departments. In relation to the workplace supplies contract, Mr Rogers stated:

The [review of the] workplace supplies contract was to make sure that there were environmentally sound goods available as part of the contract bid. So that if you can get the aggregated purchasing power for things like recycled material, not only did we do it from the WRAPP perspective, but we were looking for environmentally friendly cleaners and those sorts of things. So it was actually the whole of the sustainability of the government contract for general goods. It is a bit like what we have done with washing machines and electrical goods. You make sure that there is a fair range of goods in the high-volume categories available for purchase. You tend to get a better price because you have built them into the contract. They become visible to people as part of the green bit of the contract. People see that environmental goods are available at a competitive price and they become visible to them as contract purchases.⁴⁶

⁴³ J Turner and P Salier (Senior Project Officer, Sustainability Programs Division, DECCW), Committee Proceedings, 30 October 2009, p. 4

⁴⁴ T Rogers (Executive Director, Departmental Performance Management and Communication, DECCW), Response to Question on Notice, 17 November 2009, p. 1

⁴⁵ C Davies (Director, Water and Energy Programs, DECCW), P Achterstraat (Auditor-General) and T Rogers, Committee Proceedings, 30 October, p. 6.

⁴⁶ T Rogers, Committee Proceedings, 30 October 2009, p. 4.

- 3.20 Mr Rogers further informed the Committee that DECCW reviews contracts as they come up for renewal, and that it will soon be reviewing the travel management, print management, electricity and data facility contracts.⁴⁷

Impact of recycling industry downturn

- 3.21 The Department of Education and Training informed the Committee at a separate hearing into Environmentally Sustainable Procurement that the recycling industry downturn that occurred as a result of the global financial crisis had resulted in an unforeseen strain on school budgets. As recycling companies were no longer taking away recycling for free, schools were having to pay to have it taken away.⁴⁸
- 3.22 At the Committee's hearing on the disposal of waste by the NSW public sector, Mr Peter Draper MP asked DECCW's representatives about the impact of the recycling industry downturn on the capacity of agencies to fulfil their WRAPP obligations.⁴⁹
- 3.23 Mr Rogers informed the Committee that the State Government had recently entered into a new integrated waste contract, under which each of the suppliers is responsible for the secure destruction of waste, recycling and the collection of paper. Previously, a separate contract had been awarded for the different types of waste disposal. However, according to Mr Rogers:
- there ha[d] been no incentive in the past for the person who got the recycling contract to try to move stuff out of the waste contract and for the person with the waste contract to move recycling material out, which would reduce the amount they [were] clearing.⁵⁰
- 3.24 Against this backdrop, the financial crisis did impact upon the recycling industry, but in complex ways. According to Mr Rogers:
- There was a short and very sudden collapse in the prices of recycled material about last November. Recycling prices had been at a historical high and they dropped quite sharply. Some of that has now come back...
- [Prices dropped] in different parts and they dropped differentially as well. For instance, mixed quality paper dropped a long way. Good quality paper did not drop nearly as far...
- With the lowered amount of the economy there was less material moving into the stream but less material moving out and less going to landfill. It is not as simple as saying the bottom dropped out of the market and there is a huge amount of material. Some of the other items hold up much better. Glass is relatively constant. Glass is used domestically so it has been less affected. There are still quite good markets for recycled organic material and those sorts of things.⁵¹
- 3.25 In response to Mr Draper's inquiry about how DECCW had assisted agencies to navigate these changes, Mr Rogers informed the Committee that the Department had been monitoring the situation since the collapse, and had otherwise been informing agencies about the new contract and how to get the best deal from suppliers.⁵²

⁴⁷ T Rogers, Committee Proceedings, 20 October 2009, p. 5.

⁴⁸ P Hopkins (Chief Procurement Officer, Department of Education and Training), Committee Proceedings (Environmentally Sustainable Procurement), 13 August 2009, p. 48.

⁴⁹ P Draper, Committee Proceedings, 30 October 2009, p. 1.

⁵⁰ T Rogers, Committee Proceedings, 30 October 2009, pp. 1 – 2.

⁵¹ As above, p. 2.

⁵² P Draper and T Rogers, Committee Proceedings, 30 October 2009, p. 2.

Address reporting exemptions

- 3.26 Mr Khoshaba asked the representatives from DECCW about how they were working with high waste generating agencies with fewer than 200 employees to ensure they adhered to WRAPP, even though they were exempt from its reporting obligations.⁵³
- 3.27 Mr Rogers and Mr Salier identified Landcom, the Electoral Commission, the Cricket Ground Trust, NSW Lotteries, Sydney Olympic Park Authority and Newcastle Port Corporation as the reporting-exempt high waste generating agencies with which it had been working. Landcom, which now had more than 200 staff, no longer fell into that group.⁵⁴
- 3.28 The role of DECCW with respect to these agencies is to utilise DECCW's expertise where necessary to help them dispose of their waste sustainably and, of course, record their progress under WRAPP. As Mr Rogers explained, each agency faces different disposal challenges and, thus, the assistance DECCW can provide differs for each agency. While the Electoral Commission generates a lot of paper waste, it only does so cyclically, and there are confidentiality issues that must be adhered to when culling ballot papers. Landcom, on the other hand, has a highly advanced sustainability programme, and DECCW simply observes what it is doing and records the data.⁵⁵
- 3.29 At the hearing, the Auditor-General stated that he was "very pleased with the progress the Department was making" in relation to his recommendation that it encourage reporting-exempt high waste generating agencies to provide data on their WRAPP performance. However, he also questioned whether there was going to be a second stage where the Department worked with the next lot of large waste generating agencies with less than 200 staff.⁵⁶

Recommendation 2

The Department continues to identify high waste generating reporting-exempt agencies in order to encourage them to provide data on their WRAPP performance.

⁵³ N Khoshaba, Committee Proceedings, 30 October 2009, p. 2.

⁵⁴ T Rogers and P Salier, Committee Proceedings, 30 October 2009, pp. 2 – 3.

⁵⁵ T Rogers, Committee Proceedings, 30 October 2009, pp. 2 – 3.

⁵⁶ P Achterstraat, Committee Proceedings, 30 October 2009, p. 4.

Chapter Four - Improving Literacy and Numeracy in NSW Public Schools

Introduction

- 4.1 Literacy and numeracy skills are vital to a happy and healthy childhood. As the Auditor-General notes in his report, improving children's literacy and numeracy skills can result in higher self esteem, better coping skills and a greater capacity for lifelong learning.⁵⁷
- 4.2 Although the Department of Education and Training has tripled its funding for literacy and numeracy programmes over the past ten years, this has not resulted in better literacy and numeracy test results. As such, between 5% and 15% of students continue to fall short of the minimum level needed to progress, including a disproportionate number of indigenous students.⁵⁸
- 4.3 The Auditor-General sought to determine whether the Department's processes to improve literacy and numeracy were likely to be successful. In order to do so, the Auditor General asked if there was a need to improve literacy and numeracy; if the literacy and numeracy needs of each child were assessed; if there were adequate programmes to help those with literacy and numeracy needs; and how the Department knew which programmes were successful.⁵⁹
- 4.4 The Auditor-General was impressed by the commitment of the Department and its teachers to this issue and by the extensive range of literacy and numeracy programmes available. However, he also found that there had not been a systematic assessment of what resources are needed; that the recent increase in support was not well targeted; and that the students with the most need were the least likely to have experienced teachers.
- 4.5 The Auditor-General made 19 recommendations focussing on improving the Department's capacity to identify 'at risk' students; assist students with literacy and numeracy learning needs; and monitor the success of their literacy and numeracy programmes.⁶⁰
- 4.6 The Department responded positively to the audit, noting in its first submission that the "audit process has been valuable in posing key questions that have guided our work in responding to the recommendations."⁶¹ While the Department also accepted all of the Auditor-General's recommendations, the Committee was concerned that the actions identified in its submission did not always address the recommendations and that progress did not always appear satisfactory.

⁵⁷ Auditor-General, *Auditor-General's Report: Performance Audit: Improving Literacy and Numeracy in NSW Public Schools*, Audit Office, NSW, October 2008, p. 12.

⁵⁸ As above, p. 2.

⁵⁹ As above.

⁶⁰ As above, pp. 2 – 7.

⁶¹ Department of Education and Training, *Submission on Inquiry into Improving Literacy and Numeracy in NSW Public Schools*, Submission No. 1, 13 December 2009, p. 1.

- 4.7 Consequently, the Committee decided to hold a hearing. However, in the course of preparing for the hearing, the Department sent the Committee an updated submission highlighting the work it had undertaken in the interim and providing more information about the progress of each action. The Committee therefore cancelled the hearing on the strength of the additional information and the number of positive implementation steps the Department had undertaken. Nonetheless, the Committee recommends that the Department ensure that all schools set literacy and numeracy targets, develop strategies for meeting those targets and report against those targets.

The Performance Audit

Audit Objectives

- 4.8 The Department spends \$154 million each year on literacy and numeracy programmes and the Auditor-General sought to examine how well the Department targeted, delivered and monitored these programmes. More specifically, the audit examined whether:
- there was a need to improve literacy and numeracy;
 - the literacy and numeracy needs of each child were assessed;
 - there were adequate programmes to help those with literacy and numeracy needs; and
 - how the Department knew which programmes were successful.⁶²

Audit Conclusions

- 4.9 The Auditor-General found that although NSW students performed well nationally and internationally, poor outcomes were concentrated in some schools and regions. Furthermore, despite a three-fold increase in literacy and numeracy programme funding over the past ten years, literacy and numeracy levels had not changed.⁶³
- 4.10 While some of the Department's literacy and numeracy programmes are delivered to all students through standard classroom lessons, others are designed to address the needs of individual students. With respect to individual needs programmes, the Auditor-General found that, even though their delivery was dependent upon schools identifying 'at risk' students and knowing what resources were available, there was not one standard definition of students 'at risk', nor was there a centralised source of information about what resources existed and what 'at risk' students were entitled to.⁶⁴
- 4.11 In addition, the Auditor-General was not able to determine how well resources were being distributed to 'at risk' children in individual schools. This was partly because the financial information was simply not available, and partly because responsibility for the allocation of resources was diffuse and no single body could explain the basis upon which, or how many, resources were distributed.⁶⁵

⁶² Auditor-General, *Improving Literacy and Numeracy in NSW Public Schools*, pp. 2 – 6.

⁶³ As above, p. 24.

⁶⁴ As above, pp. 4 – 5 and 26.

⁶⁵ As above, pp. 42 – 43.

- 4.12 Although the State Plan contains targets for literacy and numeracy to 2016, not all schools had set targets and identified how they would meet them. With respect to the effectiveness and efficiency of their literacy and numeracy programmes more broadly, the Department had not evaluated its programmes on a regular basis and was not able to provide assurance that it was supporting programmes that would help the Department achieve its goals.⁶⁶

Audit Recommendations

- 4.13 The Auditor-General made 19 recommendations concerning the need to improve targeting of individual learning needs; improve delivery through building partnerships with parents, pre-schools, etc.; and evaluate the efficiency and effectiveness of programmes.

- 4.14 The Audit Office's recommendations are set out below:

1	Ensure by July 2009 that schools use the School Measurement, Assessment and Reporting Toolkit (SMART) to help understand their performance.
2	Expand the literacy and numeracy assessment templates developed for the Best Start programme to apply by December 2009 from kindergarten through to Year 10.
3	Develop by December 2009 a more systematic means of identifying and supporting the 'at risk' student, so as to facilitate early identification, assessment and targeting of resources.
4	Provide by July 2009 clear guidelines to support the development of individual learning plans and require such plans for all 'at risk' students.
5	Ensure its new management systems are fully developed by December 2010 and quickly put to use to enable the effective tracking and analysis of student performance and student needs over time.
6	Work with other agencies to provide earlier identification, intervention and information sharing prior-to-school on children with learning difficulties.
7	Systematically assess student needs for literacy and numeracy support at the school and regional level.
8	Periodically survey the adequacy of resources and support.
9	Provide by July 2009 better information for all schools on what additional instruction and support students should be given, what learning resources work best for their specific needs and what funding programmes a school may be eligible for.
10	Strengthen by December 2009 the literacy and/or numeracy teaching skills of teachers working with the lowest performing students, such as by accelerating its planned introduction of expert literacy and numeracy learning leaders, particularly those with expertise in teaching 'at risk' students.
11	Undertake more intensive monitoring and review of how under-performing schools are using their resources, what changes are being made, and what impact they are having.
12	Develop by July 2009 clear and consistent guidance on what intervention is needed, based on the results of a student's assessment, regardless of the overall performance or funding status of the student's school.
13	Strengthen accountability arrangements by rationalising funding programmes to more closely align with student needs, increase quality assurance, and more clearly establish authority and responsibility for such programmes at the school and regional level.

⁶⁶ As above, pp. 51 and 54 – 55.

14	Provide by July 2009 more specific guidance to parents on what support students can expect and how they can be involved in helping schools.
15	Ensure that all regions and schools work together to set explicit targets for literacy and numeracy attainment by December 2008.
16	Rationalise and consolidate the programmes that aim to improve literacy, and (separately) the programmes that aim to improve numeracy.
17	Establish at the outset of such programmes the expected impact over time on literacy or numeracy outcomes.
18	Monitor programme performance with a suite of performance indicators and with studies of individual students over time.
19	Lead a whole of government assessment by July 2009 of the value of strengthening transition to school support and programmes in communities with the poorest performing public schools.

The Committee's Examination

- 4.15 There is increasing awareness about the impact of early childhood development on future wellbeing, and an appreciation that good literacy and numeracy skills enable children to more fully participate in school and the broader community.
- 4.16 Upon receiving the Department's first submission, the Committee was pleased that the Department had accepted all of the Auditor-General's recommendations and taken a number of steps towards their implementation. However, the information the Department supplied in relation to individual plans for all 'at risk' students (recommendation 4); intensive monitoring of programmes in underperforming schools (recommendation 11); strengthening accountability arrangements (recommendation 13); and regional and school targets (recommendation 15) did not appear to address the crux of the recommendations. In addition, the Department indicated that a number of its planned actions were "on track", even though they had not been finalised by their due date. Those actions did thus not appear to be "on track", and there was no indication of when they would be achieved.
- 4.17 In his response, the Auditor-General also raised concerns about the extent to which the activities listed addressed the above four recommendations and the deadlines that had not been met. In addition, he noted that it would be interesting to know the outcome of the studies the Department indicated it had undertaken, and that the Department's new initiatives should be reviewed and refined over time.⁶⁷
- 4.18 As a result, the Committee decided to conduct a hearing. Prior to the hearing, however, the Department sent the Committee a more detailed and up-to-date submission. After reviewing this comprehensive, 22 page submission, the Committee was satisfied that the Department was committed to implementing the Auditor-General's recommendations, and had largely addressed the Committee's concerns. In particular, the Committee notes that where the Department had simply written "on track" in its earlier submission even though the due date had passed, it now informed the Committee that a particular

⁶⁷ Auditor-General, Submission on Inquiry into Improving Literacy and Numeracy in NSW Public Schools, Submission No 2, 21 December 2009, pp. 2 – 5.

document was in draft form, or a particular programme was being trialled, or a particular activity had indeed been implemented but was now under review. This obviously enabled the Committee to obtain a better understanding of the Department's progress.

4.19 The Committee commends the Department for:

- developing a precise definition of 'at risk' students and incorporating it into relevant professional learning tools;
- creating the *Working Together* document to "assist teachers, schools, regional and state directorates to both identify and map their current provision of services and develop future plans";
- developing a supported online training course for students with additional learning needs;
- conducting and responding to a survey of the adequacy of literacy and numeracy resources and support;
- developing professional learning programmes to strengthen the skills of teachers working with the lowest performing students;
- trialling a programme to provide "a specialist teacher presence" in every school; and
- consistently undertaking programme evaluation and stakeholder engagement.⁶⁸

4.20 With respect to the recommendation to develop individual plans for all 'at risk' students, the Department informed the Committee in its second submission that it had mandated the development of individual learning plans for all students who were 'at risk'. In relation to the recommendation on the intensive monitoring of programmes in underperforming schools, the Department noted that schools are required to submit a range of performance reports, and that a new model for school accountability, including regular school reviews, is under consideration. With respect to the recommendation on strengthening accountability arrangements for the allocation of resources, the Department stated that it is trialling two different programmes that give individual schools and principals greater control over the allocation of resources.⁶⁹

4.21 While the Committee is thus satisfied with the Department's performance in relation to these recommendations, it remains concerned about the need to set school targets.

School targets

4.22 This recommendation came about because of the failure of schools to set literacy and numeracy targets in line with State Plan targets. In both its first and second submissions, the Department provided information about setting

⁶⁸ Department of Education and Training, Submission on Inquiry into Improving Literacy and Numeracy in NSW Public Schools, Submission No. 3, 14 April 2010, pp. 2 – 20.

⁶⁹ As above, pp. 6, 16 and 18.

state and regional targets, but when it came to school targets the information referred only to a tool that could be used to develop those targets. In its second submission, the Department informed the Committee that the tool had been updated and distributed to schools.

- 4.23 In his audit, the Auditor-General noted that although the *State Literacy and Numeracy Plans* clearly stated that all schools had to identify specific targets for improvement and develop strategies for achieving those targets, this had not happened.⁷⁰ The Committee is concerned that the Department's submission gives the impression that it is supporting schools to set targets, but that it has not sought to determine whether or not schools have in fact set targets for both literacy and numeracy, identified strategies for achieving those targets, and started reporting against those targets.

Recommendation 3

The Committee recommends that the Department ensure that all schools set literacy and numeracy targets, develop strategies for meeting those targets, and report against those targets.

⁷⁰ Auditor General, *Improving Literacy and Numeracy in NSW Public Schools*, p. 53.

Appendix A. Submissions and Witnesses

SIGNAL FAILURES ON THE METROPOLITAN RAIL NETWORK

Submissions:

1. RailCorp – 29 September 2008
2. Audit Office of NSW – 23 October 2008
3. RailCorp – 4 February 2009
4. RailCorp – 7 May 2009
5. RailCorp – 26 February 2010-05

Witnesses:

1. Mr Rob Mason
Chief Executive Officer
RailCorp
2. Mr John Minchin
General Manager
Metropolitan Infrastructure
RailCorp
3. Mr Peter Achterstraat
Auditor-General
Audit Office of NSW

RECYCLING AND REUSE OF WASTE BY THE NSW PUBLIC SECTOR

Submissions:

1. Department of Environment and Climate Change – 22 July 2009
2. Audit Office of NSW – 5 August 2009
3. Department of Environment and Climate Change – 20 November 2009

Witnesses:

1. Mr Tim Rogers
Executive Director
Department Performance, Management and Communications
2. Dr Carolyn Davies
Director of Water and Energy Programs
Department Performance, Management and Communications

Appendix A – Submissions and Witnesses

3. Mr Peter Sailer
Senior Project Officer
Department Performance, Management and Communications
4. Mr Peter Achterstraat
Auditor-General
Audit Office of NSW
5. Ms Jane Tebbatt
Director
Audit Office of NSW

IMPROVING LITERACY AND NUMERACY IN NSW PUBLIC SCHOOLS

Submissions:

1. NSW Department of Education and Training – 13 December 2009
2. The Audit Office of NSW – 21 December 2009
3. NSW Department of Education and Training – 14 April 2010