



**Transport
for NSW**

Your Reference: D17/37669
Our Reference: IS17/13499 /
PI17/00020

Mr Bruce Notley-Smith MP
Parliament of NSW
Macquarie St
SYDNEY NSW 2000

Dear Mr Notley-Smith

**Auditor-General's Performance Audit Report
Franchising of Sydney Ferries Network Services**

I refer to your letter of 27 November 2017 about the Franchising of Sydney Ferries Network Services performance audit. I am writing to provide you with the information requested in relation to the implementation of recommendations to this audit.

The attached document outlines additional information in relation to the three specific recommendations 2.4, 2.5 and 3.2 requested. I trust that this will be of assistance to the Public Accounts Committee's review process.

Yours sincerely

**Stephen Troughton
Acting Secretary**

Encl.

21 DEC 2017

IMPLEMENTATION OF RECOMMENDATIONS

Transport for NSW

Franchising of Sydney Ferries Network Services

Recommendation	PAC Query	Response (completed, on track, delayed, rejected) and comment	Responsibility (section of agency responsible for implementation)
Recommendation 2.4 Remove service improvement projects directed by TfNSW as a contractual remedy.	Why has Transport for NSW not yet decided whether to remove service improvement projects directed by Transport for NSW from future contracts?	TfNSW has acknowledged this recommendation. The existing Ferry System Contract is still in place. For the next generation of ferry service contracts, TfNSW will take this recommendation into account.	Infrastructure and Services
Recommendation 2.5 Improve the measurement methodology used to assess vessel cleanliness.	Were customer groups consulted about the use of a weighted average to rate cleanliness and the allowable number of unacceptably unclean areas on ferries? Please expand on the appropriateness of using a weighted average in this specific instance.	Customer focus groups were an input into the development of the methodology used for assessing cleanliness, which was prepared by an independent agency on behalf of TfNSW. The methodology was also informed by other forms of customer and industry research. The methodology was designed to be to be customer-focused e.g. the weightings place greater emphasis on the cleanliness of surfaces that customers are more likely to have contact with (i.e. seating is weighted at 20%, while the walls and ceiling are weighted at 5%).	Infrastructure and Services

Recommendation 3.2 Develop procedures to ensure service improvement projects specified by TfNSW continue not to be used as a contractual remedy.	Please expand on what is meant by 'significant failure', as set out in your response to this recommendation. Do existing procedures make clear the circumstances in which service improvement projects may be used?	The contract states that TfNSW may direct the Operator to undertake a Service Improvement Project if Unsatisfactory Performance has been determined by the Secretary in relation to a Key Result Area in Schedule 4. A significant failure is Unsatisfactory Performance if the Performance Benchmark for Performance Indicators, as listed below, is not met: 1 Significant Incidents (Incidents resulting in loss of life, life-threatening injury or injury to multiple persons, and/or damage over \$100,000) 2 Collisions and Groundings (Incidents involving a vessel reportable to Roads and Maritime Services under categories (e) and (f) of the definition of marine accident contained in section 94 of the <i>Marine Safety Act 1998</i>) 3 Passenger Injuries (Passenger Injury that occurs in connection with the Ferry Operations and requires medical attention) 4 Percentage of services that actually run (Proportion of 'actual services' relative to number of 'scheduled services') 5 Percentage of services that run on time (Proportion of 'actual services' departing on-time (within 5 minutes of its scheduled departure at the origin wharf) excluding Force Majeure events) 6 Total Cost per Service Hour (Total operating expense (excl. Depreciation, Amortisation and Interest) divided by CPI Multiplier divided by Contract Service Plan Revenue Hours) 7 Complaints per 100,000 boardings as measured through the 131500 system (excluding some categories but only to the extent that they do not arise due to an act or omission of the Operator) 8 Complaints Response (Verbal complaints and written complaints must be responded to as promptly as possible) 9 Contract Ferries are clean and tidy (Clean and tidy includes general presentation including, clean at the beginning of each trip, free of graffiti, good external presentation and paintwork, minimal window etching etc.) 10 Percentage of Monthly Reports submitted within reporting requirements This contractual remedy hasn't been utilised by TfNSW to date, and TfNSW does not envisage a significant failure occurring during the remaining contract Term.	Infrastructure and Services
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