

**INQUIRY INTO FOLLOW UP OF AUDITOR-GENERAL'S
PERFORMANCE AUDIT REPORTS OCTOBER 2009 TO
SEPTEMBER 2010**

Organisation: Department of Transport
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Date Received: 15/08/2011

Theme:

Summary

Mr Jonathan O'Dea MP
Chair
Public Accounts Committee
Legislative Assembly
Parliament of New South Wales
Macquarie Street
SYDNEY NSW 2000

DG11/08686

Dear Mr O'Dea,

I refer to your correspondence received by me on 7 July 2011 regarding the Auditor-General's Report on Improving the Performance of Metropolitan Bus Services and the provision of a table outlining the Department of Transport's response, including any action to date.

I enclose a table as requested.

Thank you also for the opportunity to provide feedback on the effectiveness of the Audit. The Department of Transport saw the Audit as a positive process which provided some focus to certain areas of Contract Management, such as the performance of bus services and as such the Department of Transport has implemented benchmarking and a more thorough review of performance measures following the audit outcome.

The Department of Transport considers the cost of the Audit was minimal with the main impact being the time taken to facilitate the provision of information over a 10 – 12 month process.

Yours sincerely,



Les Wielinga
Director General

12-08-11

**Performance Audit – Improving the Performance of Metropolitan Bus Services
IMPLEMENTATION OF RECOMMENDATIONS:**

Recommendation	Accepted/ Rejected or noted	Actions to be taken	Due Date	Status Comment	Responsibility
<p>Department of Transport further increases pressure to improve performance and drive costs down by:</p> <ol style="list-style-type: none"> 1. Specifying a range of performance objectives for each contract region (e.g. cost per service kilometre, service quality and accessibility) with a clear focus on the needs of bus users. 	Accepted	<p>To assist in managing current bus operator performance as well as preparing for the contract renewal process, the Department of Transport is undertaking a Bus Contract Benchmark Exercise. The Benchmarks include a mixture of cost and service quality Key Performance Indicators (KPIs) as follows:</p> <ul style="list-style-type: none"> • Total cost per service kilometre • Boardings per service kilometre • Early and late trips from departure • Early and late trips at mid point • Complaints per 100,000 boarding's • Customer Satisfaction • Average number of Heavy Vehicle Inspection Scheme (HVIS) failures per bus per annum • No management fraud detected during independent audits of sales and reconciliation processes. 	<p>Draft report by end April 2010</p> <p>Date met and Benchmarking Performance Reports are now provided annually.</p>	<p>The Department of Transport has undertaken significant steps to ensure that all contract holders provide performance, operational and financial data in a standard format.</p> <p>As a result of this work the Department of Transport has been able to develop standard performance benchmarking Key Performance Indicators. The KPIs are:</p> <ol style="list-style-type: none"> 1. Net cost efficiency 2. Network efficiency 3. Service Reliability at Departure (OTR) 4. Service Quality 5. Safety 6. Management Fraud <p>These KPIs have been benchmarked, with a level of data normalisation provided for certain KPIs to account for differences.</p> <p>Reports have been developed for Financial Years 2007-08 2008-09 and 2009 -10 is currently being completed.</p> <p>On Time Running (OTR) The Department of Transport has established an On Time Running Programme with services being observed and reported by independent contractors at strategic bus operating locations. These independent checks override previous operator self reporting. The Department of Transport is</p>	<p>Department of Transport Transport Services</p>

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		<p>In addition to the above initiative, the Department of Transport is currently undertaking a comprehensive review of the Contracts Performance Criteria and is developing revised Performance Standards and Measures. These will form part of Contract Renewal negotiations and be the basis for next generation bus contracts.</p>		<p>also working closely with the RTA in developing the PTIPS reporting system which will supersede the current manual OTR as PTIPS rolls out across the bus network. Current OTR trials of PTIPS for STA is ongoing and will form the basis for Private Bus Operator (PBO) OTR future performance reporting.</p> <p>The Department of Transport has also convened a National Bus Performance Benchmarking Group (NBPBG). The objectives of the Group are to establish a system of measures for cross jurisdictional comparison and to understand why differences might occur. Consultancy group INDEC Pty Ltd was engaged by the NBPBG to undertake the data collection and analysis and provide a comparative report.</p> <p>In addition to the above work the Department of Transport has engaged consultants INDEC to provide a comparison of each NSW O/MBSC operator against the National Benchmark. This work is to commence in August 2011.</p> <p>Revised Performance Standards (Contract Service Levels) are being developed for the next generation of bus contracts. These will form a critical part of the new contract.</p>	<p>Department of Transport</p> <p>Transport Services</p>

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<p>2. Comprehensively benchmarking performance to hold bus operators accountable, with penalties for poor performance.</p>		<p>The Department of Transport is currently undertaking a comprehensive review of the Contracts Performance Criteria and is developing revised Performance Standards and Measures. These will form part of Contract Renewal negotiations and be the basis for next generation bus contracts.</p>		<p>Revised Performance Standards (Contract Service Levels) are being developed for the next generation of bus contracts. These will form a critical part of the new contract.</p> <p>The Department of Transport has also convened a National Bus Performance Benchmarking Group (NBPBG). The objectives of the Group are to establish a system of measures for cross jurisdictional comparison and to understand why differences might occur. Consultancy group INDEC Pty Ltd was engaged by the NBPBG to undertake the data collection and analysis and provide a comparative report.</p>	<p>Department of Transport Transport Services</p>

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<p>3. Strengthening controls on operator self-reporting to ensure that performance information is accurate.</p>	Accepted	<p>The Department of Transport has engaged an Independent Auditor to audit the Metropolitan Bus Service Contracts. This audit will be expanded to include the auditing of bus operator self reported performance data.</p> <p>The Department of Transport has established a formal management meeting to review monthly report submissions from all O and MBSC operators. The review looks at trends, profiles, inconsistency in data etc. A return is submitted to each operator where errors, anomalies or further clarifications are required. Operators are also asked to provide advice regarding areas where reporting information has changed by significant variations.</p> <p>As a result of the above a significant improvement in data and other information has been achieved from contract holders.</p> <p>Regular (quarterly) contract meetings with operators also review performance matters and reports provided by the individual operators.</p> <p>Ad-hoc checks – mystery shopper activities have been carried out to confirm and audit operator self reporting.</p> <p>On Time Running (OTR) has been strengthened to include contract staff at key strategic locations to monitor and measure bus performance against actual operations.</p> <p>A detailed and agreed process has been developed with all contract holders which results in each operator signing off on OTR results each month. These monthly OTR Results are available for publication.</p>	December 2010	<p>Audits have been completed for the 2010/11 year.</p> <p>Regular Contract Reporting meetings take place monthly to investigate trends, issues, inconsistency in data etc. A return is submitted to each operator where errors, anomalies or further clarifications are required. Operators are also asked to provide advice regarding areas where reporting information has changed by significant variations.</p> <p>Quarterly Operator Contract Meetings include Operator Performance occur quarterly.</p> <p>OTR checks and reports are carried out each month.</p>	Department of Transport Transport Services

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<p>4. Publicly reporting operator performance by route and by region</p>	<p>Noted.</p>	<p>The Department of Transport is taking steps to implement a transparent reporting system that will in particular, enhance current on time running information. The Department of Transport acknowledges the recommendation relating to publicly reporting operator performance by route and region and is working on implementing appropriate measures and systems to address this in timely manner.</p>	<p>December 2010</p>	<p>Since the Audit, a contract to deliver an electronic ticketing system was signed. Together with the Global Positioning System (GPS) bus tracking technology provided by the Public Transport Information and Priority System (PTIPS) these projects will enable real time data without significant operator input. Real time data will allow DoT to further drive improved performance from contracted bus operators as well as providing for improved customer information.</p> <p>On Time Running (OTR) has been strengthened to include contract staff at key strategic locations to monitor and measure bus performance against actual operations.</p> <p>A detailed and agreed process has been developed with all contract holders which results in each operator signing off on OTR results each month. These monthly OTR Results are available for publication.</p>	<p>Department of Transport Transport Services Director Bus and Ferry Contracts</p>

<p>5. Conducting more frequent bus customer satisfaction and usage surveys, including the use of Mystery Shoppers.</p>	<p>Accepted</p>	<p>The Department of Transport approached the Independent Transport Safety and Reliability Regulator (ITSRR) to undertake customer satisfaction surveys in 2009 and 2010. The first two surveys have been undertaken and ITSRR agreed to undertake further surveys for the next three years.</p> <p>Under the amalgamating of some Transport Agencies under the Transport NSW and now Transport for NSW. Transport as the lead organisation has taken responsibility for conducting more frequent bus customer satisfaction surveys.</p> <p>In 2011 these surveys will be undertaken on board bus services as opposed to the previous process of phone calling residents of operating regions.</p> <p>It is envisaged that these customer satisfaction surveys will be carried out each year of the contract.</p>	<p>December 2010</p>	<p>This year, the DoT's Bureau of Transport Statistics (BTS) is expanding its core survey program to include the conduct of independent Customer Satisfaction Surveys across Sydney's rail, bus and ferry customers in a consistent way.</p> <p>Stakeholder consultation, pilot testing surveys on-board public transport services have been conducted to provide an annual snapshot of customer views on the service they are receiving.</p> <p>Results will be available from the BTS website in the second half of 2011.</p>	<p>Department of Transport Transport Services</p>
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