

Submission
No 1

INQUIRY INTO FOLLOW UP OF AUDITOR-GENERAL'S 2010 FINANCIAL AUDIT REPORTS

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Telephone:
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Theme:

Summary

6 October 2011

Mr Jonathon O'Dea
Chair
Legislative Assembly
Public Accounts Committee
Parliament House of NSW
Macquarie Street
SYDNEY NSW 2000

Dear Mr O'Dea

AUDITOR-GENERAL'S FINANCIAL REPEAT RECOMMENDATIONS

I refer to your letter in relation to a recommendation that the Auditor General made in 2010 in relation to the use of contractors.

RailCorp has implemented a number of systems to improve the management of white collar contractors including:

- A register of all contractors in RailCorp's computerised human resources information system has been established which is maintained on a regular basis
- The Establishment Summary Report has been enhanced to show the number of contractors filling established positions and non-established ('project') positions; this report is provided each month so that the number of contractors can be monitored by line managers and reported to the RailCorp executive.
- The abovementioned Establishment Summary Report as well as detailed reports are published on the intranet each month to assist line managers monitor contractor numbers and the duration of engagements on a regular basis.
- Procurement policies and systems requiring requests for contractors to be: supported by a written business case and approved by the delegated officer with all such requests routed through the centralised White Collar Contractor business area which reviews requests to ensure compliance with policies etc. The business cases are endorsed by GM of the business division, GGM of the business group, GM Strategic Procurement, and/or Director Human Resources, and Chief Executive. Requests that are non frontline or Opex related are also submitted to Department of Transport for final review and approval.

- For those contractors which are extended beyond their original term, hiring managers complete a local review of performance prior to the extension of a contract and the justification is based on business requirements and criticality to service
- Long term/ more expensive contractors are reviewed on a regular basis to determine if they can be converted to temporary employees on fixed term contracts to represent a cost saving to the organisation. In support of this the RailCorp Enterprise Agreement 2010 includes an agreement by RailCorp to implement the following reform – “conversion of contractors to either permanent or fixed term employment contracts”. In the last two financial years we have converted almost 200 contractors to either temporary or permanent employment positions.
- Reviews are conducted to ensure that contractors continue to represent value for money:
 - RailCorp's centralised White Collar Contract Labour Unit engages in regular market benchmarking and negotiates supplier agreements, to ensure RailCorp is paying competitive rates for resources. Centralising the process provides a consolidated and consistent approach to suppliers, ensuring RailCorp gets the best deal possible.
 - When we require a contractor we conduct a market approach with our panel suppliers ensuring that we get value for money

These systems ensure our reliance on contractors is appropriate and represents good value for money.

Yours sincerely



Rob Mason
Chief Executive