

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

**Organisation:** Roads and Traffic Authority of NSW  
**Name:** Mr Michael Bushby  
**Position:** Chief Executive  
**Telephone:** 132213  
**Date Received:** 5/08/2011

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**Theme:**

**Summary**



CE11/2584

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

Dear Mr O'Dea

Thank you for your letter about the Roads and Traffic Authority's (RTA) response to the Audit Office of NSW's report on the handback of the M4 tollway.

I am pleased to offer the attached report providing details of the RTA's progress in responding to the recommendations. All actions in response to the audit recommendations are complete.

As submitted in earlier correspondence, the RTA notes that a key benefit of the audit is to raise awareness within the organisation of the need for the lifecycle management of infrastructure.

The cost of the audit was appropriate for its scope. The auditors were extremely cooperative and worked in partnership with the RTA project team.

For more information please contact Ms Felicity Finlayson, General Manager Motorway Management, on (02) 8837 0900.

Yours sincerely

Michael Bushby  
Chief Executive  
02 AUG 2011

Encl

Recommendation	Accepted	Action to be taken	Due	Status	RTA branch responsible
<b>To ensure that future PPPs deal adequately with handover, the Audit Office of NSW recommends that the RTA:</b>					
1 Ensure deeds spell out an appropriate inspection and testing program to determine repairs required to bring roads up to a satisfactory condition at handback (p.11).	Accepted	All post-M4 project deeds to include requirements that address the desired outcomes of Recommendation 1.	NA	Complete. This recommendation was addressed during the drafting of all post-M4 project deeds.	Motorway Management
2 Ensure deeds link condition standards and maintenance approaches to changing industry standards and approaches over the life of the PPP (p11).	Accepted	All post-M4 project deeds include requirements that address the desired outcomes of Recommendation 2.	NA	Complete. This recommendation was addressed during the drafting of all post-M4 project deeds.	Motorway Management
3 Consider including in deeds a requirement that operators provide a performance bond or similar security over the cost of handback repairs (p11).	Accepted	The RTA will consider this recommendation in its assessment of requirements and policy for future PPP projects.	Ongoing	Complete. To be considered when the project deed for the next PPP road project is developed. The RTA is procuring an Operations and Maintenance services contractor for the M5 East Freeway to take over when the current contract finishes on 9 December 2011. The new contract is in the form of a project deed. Benefitting from the lessons of the M4 handback, it is structured to ensure that the asset condition is assured throughout the life of the contract. This approach was adopted to mitigate the financial and asset condition risks at handover.	Motorway Management

**To ensure that existing PPPs deal adequately with handover, the Audit Office of NSW recommends that the RTA:**

4	<p>Review the lessons learned from the M4 Tollway handback and determine whether it should seek to negotiate changes to existing tollway deeds to better deal with handback, by June 2010 (p11).</p>	Accepted	<p>The RTA will conduct a review of the handover process to capture learnings from the experience. This will be completed by 30 June 2010.</p> <p>The RTA will review existing project deeds to identify any opportunities for improving the handover process. This is anticipated to be a significant task. Planned for the 2010/11 financial year.</p>	30/6/2010 (Review)	<p>Complete.</p> <p>Review of the handover process to capture learnings is complete. As opportunities arise principles will be incorporated in current and future projects.</p>	Motorway Management
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**To limit the impact of removing the M4 toll, the Audit Office of NSW recommends that the RTA:**

5	<p>Complete planned M4 road works on time and no later than 31 March 2010 (p15).</p>	Accepted	<p>All pre-handover road works are complete or on target for completion by handover date.</p>	31/3/2010	<p>Complete.</p> <p>Handover road works are complete.</p>	Motorway Management
6	<p>Implement planned traffic management system changes on time, and no later than 31 March 2010 (p15).</p>	Accepted	<p>All pre-handover traffic works are complete or on target for completion by handover date.</p>	31/3/2010	<p>Complete.</p> <p>Handover traffic works are complete.</p>	Motorway Management/ Traffic Management
7	<p>Communicate to motorists the likely effect of toll removal on congestion and travel time by the end of 2009 (p15).</p>	Accepted	<p>The media campaign is underway, and ramped up during the first week of February 2010. Based on previous experience, the RTA has found that such campaigns are more effective when conducted closer to implementation date.</p>	1/2/2010	<p>Complete.</p> <p>The media campaign is Complete.</p>	Motorway Management/ Traffic Management/ Corporate Comms.



8	<p>Determine the effect of toll removal on motorists travelling between the city and Parramatta during peak periods, and advise motorists before handback (p15).</p>	<p>Accepted</p>	<p>It is anticipated that there will be increased traffic on the motorway and approaches and no decrease in congestion. This has been communicated via a media campaign. Additional information to assist public travel decision-making will be available on 16 February and shortly afterwards.</p>	<p>16/2/2010</p>	<p>Complete. Traffic information – complete</p>	<p>Traffic Management</p>
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