



THE AUDIT OFFICE
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Mr Paul McLeay MP
Chair
Public Accounts Committee
Legislative Assembly
Parliament House, Macquarie Street
SYDNEY NSW 2000



23 October 2008

Dear Mr McLeay

**Examination of Auditor-General's Performance Audit Report
Signal failures on the metropolitan rail network**

We have reviewed the submission provided by RailCorp concerning the recommendations in the above performance audit report. Attachment 1 lists the report's recommendations.

Following tabling of the report, we were pleased that the Chief Executive Officer of RailCorp indicated he accepted all twelve recommendations.

The latest submission from the Chief Executive Officer of RailCorp shows the progress being made in implementing the report's recommendations. We have not substantiated RailCorp's submission. Our assessment of whether the responses address the issues raised in the original report along with an assessment of progress against the original timeline is provided in attachment 2.

I plan to forward a copy of this correspondence to the Chief Executive Officer of RailCorp for his information.

I am happy to provide any further assistance the Committee may need in completing its examination.

Yours sincerely

Peter Achterstraat
Auditor-General

attachments

Attachment 1

Recommendations

We recommend that RailCorp:

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).

Attachment 2

RailCorp: Signal failures on the Metropolitan Rail Network

Recommendation	Action steps address issue?	Reported progress
1.	Yes.	Progress is being made, although late.
2.	Yes	Progress is being made, although appears to be running late.
3.	Yes, to some extent. Our concern was that there would be a shortage, and that resources would go to commissioning new work with the result that ongoing maintenance would suffer. The response does not clearly address this concern.	Progress is being made. The response, however, does not indicate whether the new positions are likely to add to the pool of available signalling electricians/engineers.
4.	Yes	Progress appears satisfactory. Process improvements are being implemented.
5.	Yes	Progress appears satisfactory.
6.	Yes	Progress appears satisfactory.
7.	Yes	Not due yet. The review is planned for conclusion by the end of 2008.
8.	Yes	Progress is being made, and planned for conclusion by the end of 2008.
9.	Yes	Progress appears satisfactory.
10.	Yes	Progress appears satisfactory.
11.	Yes	Completed.
12.	Yes. We expected, however, that RailCorp would have also sought to enhance its public reporting of asset performance. The status report does not mention this.	Progress on monitoring appears satisfactory.