

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

**Organisation:** NSW Audit Office  
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**Theme:**

**Summary**



THE AUDIT OFFICE  
OF NEW SOUTH WALES

CONTACT NAME  
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YOUR REFERENCE

Mr J O'Dea  
Chair  
Public Accounts Committee  
Parliament House,  
Macquarie Street  
SYDNEY NSW 2000

5 September 2011

Dear Mr O'Dea

**Examination of Auditor-General's Performance Audit Report  
Improving the Performance of Metropolitan Bus Services**

We have reviewed the submission provided by the Department of Transport concerning the recommendations in the above performance audit report.

Following tabling of the report, we were pleased that the Department accepted all of our recommendations.

The Department's submission indicates that it is making progress in implementing the recommendations.

Please find attached our comments on the progress reported in relation to each recommendation in our original report. We have not substantiated the submission.

In some instances, more information would be helpful to better understand what has been done to address our recommendations.

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

Yours sincerely

Peter Achterstraat  
Auditor-General

Attachment

## Improving the Performance of Metropolitan Bus Services

Recommendation	Reported Actions	Comment
We recommended that the following be in place well ahead of the next round of bus contracts.		
1. specifying a range of performance objectives for each contract region (eg. cost per passenger kilometre, service quality and accessibility) with a clear focus on the needs of bus users	<p>Revised performance standards have been developed for the new bus contracts. KPIs are:</p> <ul style="list-style-type: none"> <li>• Net cost efficiency</li> <li>• Network efficiency</li> <li>• Service reliability at departure point</li> <li>• Service quality</li> <li>• Management fraud.</li> </ul>	<p>The response does not detail the (relatively few) indicators being used. The table on page 16 of our report outlines a range of additional measures needed to assess the efficiency and effectiveness of metropolitan bus services.</p> <p>It would also be helpful to see how expectations for bus service performance link to the new metropolitan transport plan.</p>
2. comprehensively benchmarking performance to hold bus operators accountable, with penalties for poor performance.	A benchmarking exercise was conducted. National comparisons have been made.	As above, it would be helpful to understand what indicators have been examined. It would also be helpful to learn how penalties are to be applied.
3. strengthening controls on operator self-reporting to ensure that performance information is accurate	<p>An independent auditor has been appointed. This includes auditing operator self-reported performance data.</p> <p>On time running checks have been strengthened.</p> <p>Contract management meetings now review performance based on monthly submissions from all operators.</p>	It would be helpful to know if there are any definite plans and schedules for the new electronic ticketing system and bus tracking systems to provide data directly to the Department.
4. publicly reporting operator performance by route and by region	<p>New contracts for an electronic ticketing system and a GPS bus tracking system will enable real time data to be provided directly to the Department and the public.</p> <p>Monthly on time running results are available for publication.</p>	It would be helpful to understand how performance is to be reported to the public.
5. conducting more frequent bus customer satisfaction and usage surveys, including the use of Mystery Shoppers.	Customer Satisfaction Surveys are to be conducted annually by DOT's Bureau of Transport Statistics.	This is <u>less</u> frequent than the bus contract requirement of an independent survey by NSWTI every 6 months. We found that other jurisdictions regularly survey bus users so that they can better manage the system on their behalf.