

**Submission
No 6**

**EXAMINATION OF THE AUDITOR-GENERAL'S
PERFORMANCE AUDIT REPORTS JULY 2015 –
JANUARY 2016**

Organisation: Transport for NSW
Name: Mr Tim Reardon
Position: Secretary
Date Received: 19 September 2016



Mr Bruce Notley-Smith MP
Parliament of NSW
Macquarie St
SYDNEY NSW 2000

Dear Mr Notley-Smith

Performance Audit: Identifying productivity in the public sector

I refer to your letter of 26 July regarding the above mentioned performance audit. I am writing to provide you with an update on the actions taken to date in respect to the recommendations of that audit.

A series of meetings have been held with representatives from both Sydney Trains and NSW Trains to determine the most appropriate measures to be introduced to deliver the required reporting. The two measures that were agreed upon are:

Cost Efficiency - Net Operating Cost per Revenue Car Kilometre
Cost Effectiveness - Net Operating Costs per passenger Journey

These are measures that have been used in the industry previously, and have also been used in a number of external reports.

Sydney Trains and NSW Trains have both performed their calculations for 2013/14 and 2014/15 following the same methodology. Both organisations have provided actual 2013/14 and 2014/15 as well as unaudited 2015/16 results. The results for both organisations will be reported for 2015/16 as part of their annual reporting process, and will include the two previous fiscal years for comparative purposes.

In relation to the second recommendation to roll this out to other operators, now that the preferred methodology for efficiency reporting has been established, the process of rolling this out to other operators will commence. In practical terms this would seem to be limited to the State Transport Authority as other services are provided by private operators under service contracts.

If you have any further questions regarding this matter, please contact Mr David Toose, Principal Manager, Finance on (02) 8202 2825.

Yours sincerely

A handwritten signature in black ink, appearing to be 'TR', written over a light blue horizontal line.

Tim Reardon
Secretary

17 SEP 2016