

REPORT OF PROCEEDINGS BEFORE

PUBLIC ACCOUNTS COMMITTEE

INQUIRY INTO TRAFFIC INFRINGEMENT BUREAU

At Maitland on Wednesday 19 May 2004

The Committee met at 11.00 a.m.

PRESENT

Mr M. J. Brown (Chair)

Ms G. Berejiklian
Mr G. R. Torbay
Mr. J. H. Turner
Mr S. J. R. Whan

BRIAN JOHN ROBERTSON, Director, State Debt Recovery Office, Office of State Revenue, Corner Macquarie and Marsden Streets, Parramatta, and

LISA MARY EVANS, Deputy Director, Infringement Processing Bureau, 525 High Street Maitland, sworn and examined:

COLIN KENNEDY BROWN, Consultant, Col Brown Consulting Pty Ltd, 70A Malton Road, Beecroft, affirmed and examined:

CHAIR: Thank you for appearing before the Committee. I have been advised that you have been issued with a copy of the Committee's terms of reference and the Legislative Assembly Standing Orders relating to the examination of witnesses.

Mr ROBERTSON: Yes.

CHAIR: In what capacity are you appearing before the Committee?

Mr ROBERTSON: I am representing the Office of State Revenue [OSR].

Mr BROWN: I am a director of Col Brown Consulting Pty Ltd. I have been engaged by OSR to assist with the Infringement Processing Bureau's [IPB] problem resolution.

Mrs EVANS: I am appearing on behalf of the IPB as part of the Office of State Revenue.

CHAIR: I understand that a submission has been forward to the Committee. Thank you. Do you wish that to form part of the formal evidence?

Mr ROBERTSON: Yes.

CHAIR: Do you wish to make an opening statement?

Mr ROBERTSON: I will briefly precis the position. I am the director of the State Debt Recovery Office. We took over effective management of the IPB from 28 August 2003. At that time there were significant backlogs in work queue items. Lost revenue had been identified as a result of matters becoming statute barred. We also identified problems with understaffing in the IPB, accommodation constraints, instability in the computer system, unreconciled bank and client accounts and some management practices. I will go through the progress we have achieved on some of those matters. The accommodation has been modified and is now more open plan to enable the bureau to house more staff.

We have also enhanced the IMPS to reduce the overnight batch process, which in turn has enabled a second shift to be operated. We have implemented that second shift, which has reduced workloads on the computer system and allowed us to increase staff commensurate with the workload. We are currently initiating performance and capacity planning reviews on the system to further improve the performance and increase staff productivity. With the regard to the matters that have become statute barred, we have initiated a program to compensate clients for their net loss. That was 80 per cent of the infringement value. We were required to do that because of the service level agreements with our clients. That involved extensive consultation.

To date, \$3.96 million remains to be paid of approximately \$9.6 million. At 1 October 2003 the IPB had 161 full-time equivalent staff. Our estimate at that time was that the establishment should have been about 239 staff. We immediately increased staff to a peak of 309 full-time equivalents to address the challenges and eliminate the backlog. We have progressively reduced that to 270 working in the building. By 30 June we will have pulled it back to about 250, which is the level we believe we need to go forward in 2004-05. Temporary changes were made to the accommodation to house those additional staff members. We have engaged contractors to complete a more permanent fit-out. That project is under way with a view to completion by 30 June.

With the continuation of the two-shift environment we believe that the accommodation at Maitland will be adequate for several years. We have already made some progress with computer stability, but there are outstanding issues relating to the capacity of the overall computer system and the physical architecture. Both are the subject of capital funding, which has commenced and will continue in 2004-05. I mentioned unreconciled bank and client accounts. We established that there had been no reconciliation since the introduction of the IMPS in September 2002. We have introduced some computer enhancements to assist with the client accounts and a project is underway to achieve those reconciliations. We have also addressed some management practices that had the effect of producing infringement-to-stand letters without appropriate adjudication. That practice was stopped immediately. We have already instigated a project to re-examine those matters to determine whether the infringements should stand or be reviewed. That project is underway and the target completion date is 30 June.

The statute-barred revenue losses were overcome by 31 January. As of last night, the work item queue was 82,000, which was well down from the 400,000-plus that we assumed. That represents less than two weeks' work. The delays of 9 to 11 minutes in the call centre have been significantly reduced. We are now answering 60 per cent of calls within two minutes. In terms of immediate focus, we must ensure that the backlog does not re-emerge. We must complete the reconciliation project, the permanent accommodation fit-out and the review of the computer system. We have a program of competency-based training for staff. There is still work to be done with regard to the overall performance of the computer system. The system work must be finalised in the next 12 months.

We must also implement a formal organisational structure for higher-level staff, which will include the two-shift operation. We have some work to do on the renegotiation of our service-level agreements with clients and we must realise some of the integration opportunities we have between the IPB at Maitland and the fine enforcement operations at Lithgow, because they are the start and end of the process. We must also complete the introduction of the hand-held units, which is scheduled for completion in the first half 2004-05.

Ms GLADYS BEREJIKLIAN: I refer to the amount forgone or lost due to the statute-barred issue. The figure mentioned is \$32 million. Is the balance of the money owed to clients—I think you said \$9.6 million—included in that \$32 million? Can you provide a breakdown?

Mr ROBERTSON: Yes, we can.

Mrs EVANS: The total amount is \$41 million. There is \$29 million in infringements relating to Crown clients—that is, the Roads and Traffic Authority [RTA] and NSW Police. The remaining \$12 million was the face value of the money payable to commercial clients—councils and so on. The compensation payable is \$9.6 million.

Ms GLADYS BEREJIKLIAN: Is that included in the \$41 million?

Mrs EVANS: Yes. It is 80 per cent of the face value of the \$12 million.

Mr ROBERTSON: That 80 per cent represents the amount that the clients would typically receive after subtracting the processing fee we charge and the rate of recovery.

Mrs EVANS: That value is calculated from those infringements from September 2002 to 31 January 2004.

Ms GLADYS BEREJIKLIAN: So the \$29 million is a loss to NSW Police?

Mrs EVANS: Yes, and the RTA.

Ms GLADYS BEREJIKLIAN: How confident are you that that is the final figure?

Mr ROBERTSON: Very confident. The statute-barred situation has improved. As at July 2003, 3.3 per cent of infringements became statute barred. That figure peaked at the end of November at 5 per cent and it has progressively declined. As at the end of April, the percentage becoming statute barred was 0.13 per cent of 1 per cent, which is acceptable in operational standards. Because of the

quality of the data and the time taken some fines will always become statute barred. The IPB operated historically on a 1 per cent benchmark. We have that at 0.13 per cent.

Ms GLADYS BEREJIKLIAN: Therefore, the \$9.6 million outstanding will come out of the \$12 million for the commercial sector.

Mrs EVANS: The \$9.6 million is the 80 per cent compensation value of the \$12 million.

Ms GLADYS BEREJIKLIAN: What has been the cost to date for the transition from NSW Police to the OSR?

Mr ROBERTSON: There have been both capital and recurrent costs, but I will take that question on notice.

Ms GLADYS BEREJIKLIAN: Obviously you needed more staff once you realised the scale of the backlog. Why were they not employed when the IPB was with NSW Police and why were they subsequently employed when you took over?

Mr ROBERTSON: I cannot comment on the decisions made by NSW Police. However, immediately we assumed responsibility we identified that the office was understaffed.

Ms GLADYS BEREJIKLIAN: Have you been able to estimate how much you have had to spend on the IMPS?

Mr ROBERTSON: I will take that question on notice.

Ms GLADYS BEREJIKLIAN: When you took over responsibility for the IPB were you made aware of who had been responsible for testing, acceptance, user requirements and management of the system?

Mr ROBERTSON: No. We were aware of the structure, which involved application support being provided by NSW Police. Accenture Australia was responsible for contract maintenance. We were aware of those relationships and we inherited them. However, we were not aware of the structure of the business teams or the steering committees.

Mr BROWN: The IMPS was implemented 12 months before the OSR became involved. The testing of the IMPS would have been prior to that.

Ms GLADYS BEREJIKLIAN: Were you able to liaise with someone in NSW Police about the IMPS? I am interested in the corporate history. Were you told whom you could ask about any issues arising? What were the transitional arrangements?

Mr ROBERTSON: We have a service level agreement that has been negotiated with police, which again provides that ongoing maintenance in terms of application support. We have processes in place now for testing as changes are made but we are not provided with information about the testing program that took place when IMPS was developed.

Ms GLADYS BEREJIKLIAN: Do you have confirmation that one existed?

Mr BROWN: Our focus when we took over was to eliminate the backlog and to stop the haemorrhaging of the revenue loss, not to go back in history and look at why something may not have been tested. The IPB was losing a lot of revenue and we needed to stop that revenue loss as quickly as possible.

Ms GLADYS BEREJIKLIAN: The rationale of my question is whether you had to start from scratch in terms of IMPS and whether you assumed that no testing had been done.

Mr BROWN: No.

Mr ROBERTSON: The IMPS was running and I think that issues that we identified around IMPS were response times were poor and we realised that there were potential capacity issues in terms of the volumes that it could handle. So the system was in and running. It had been running for nearly 12 months. We have subsequently identified some problems and they have been fixed as we have identified them but we did not go in and do a complete acceptance test of the system. We took it as it was. As Mr Brown said, we focused on clearing the backlog but in terms of the system our focus is work on improving the performance and the response time. Every few seconds of delayed response time can equate to part of a full-time equivalent. They were the sorts of issues we needed to address so we did not go back and revisit the acceptance testing plan that was in place.

CHAIR: I understand that at the time of the relocation a building was purpose built for 150 staff. You have peaked at 309; you have 270 at the moment. How are you accommodating these additional staff?

Mr ROBERTSON: The immediate challenge was to put in place some temporary accommodation to bring in 309 staff. We could not accommodate 309 people physically at the one time so we introduced the second shift, which was a fixed shift from 4.00 p.m. until 11.30 p.m., and a number of permanent staff elected to move over to that, coupled with some temporary staff who were recruited from the local area. That program has gone successfully but we are now in the process of increasing the number of work stations from the position that we assumed in October 2003.

CHAIR: Apart from the lost revenue due to fines being statute barred, what other costs have been incurred due to this new building in Maitland being too small? I would like to get some evidence on overtime rates you might pay, renovations on the building, reconfiguration of the building, payment of staff and training costs. Can you perhaps give an estimate of these additional costs that have had to be borne due to the changes you have made?

Mr ROBERTSON: Can I take that on notice and come back? Without quantifying the amount now, at the time of our taking responsibility the Treasurer approved additional temporary funding both of a capital nature and short-term supplementary funding for those staffing and capital issues.

CHAIR: I understand there is a particular overtime percentage or a loading. Is there a standard figure for that?

Mr STEVE WHAN: Just on that as well, if there is a balance between paying overtime versus having more equipment so that everyone can sit there at the same time, there must be a saving in that along the way, and sharing equipment.

Mr BROWN: There is. If we were to accommodate the 300 odd people, which as Brian said will come back perhaps to 250 people by June, all in the one building, first, we would need a larger building, which would incur higher rents; secondly, we would need to increase the licensing fees on IMPS for more seats, licences, et cetera. So if we can accommodate all of the IPB on two shifts within the existing building there would be long-term savings over having a larger building.

Mr ROBERTSON: And the shift work has been successful and the staff like it. The shiftwork attracts a 15 per cent loading on the normal rates of pay, and that is a more effective way of asking people to regularly work overtime because we have a group of people who come in and their work style preference is to work that shift and then we have another discreet group of people who work during the day.

Mr BROWN: We also have better productivity on night shift because the phones run hot during the day but the night shift can get into the processing of their work items, so it is 15 per cent very well spent.

Mr RICHARD TORBAY: I must compliment you on what we saw this morning. Obviously, it was an operation that has had to deal with some significant difficulties and you seem to be coming out of that fairly well. Getting back to the original problem, it is clear that 150 staff were never going to be enough right from the beginning. I think a layperson would have come to that conclusion fairly quickly, even today. It is also clear that the original plan that came up with that, as

well as the other transitional issues, was fundamentally flawed. I do not think you could form any other view. Are there any circumstances where 150 staff would have been enough? You have just given evidence to say that it will settle down to about 250 with all the changes.

Mr ROBERTSON: We were not obviously party to the development of that plan but since we have had responsibility one of the activities we have undertaken is looking at costing the various activities across our business. Mr Brown has been closely involved in that and perhaps he might like to expand on that in a moment. But we have looked at every activity, we have timed the activity and from that we have extrapolated to determine that next year we believe we need 250 people going forward.

Mr BROWN: The IPB has put on a business process improvement team and that team has developed a workload forecasting model. You saw a few of the operations today. Each one of those, such as the camera adjudication activity you saw, represents one work item on the work flow system. There are perhaps 30 or 40 work items across the IPB. We have taken average times of each of those work items and looked at the percentage of camera infringements to total infringements. That is a representation to total infringements and so on. We have been able to develop a matrix model which we can then plug in and say, "The current level of infringements is 2.8 million. What level of staff do we need to process 2.8 million?"

Mr RICHARD TORBAY: That is getting back to my point. Are there any circumstances that you can see, having read that previous plan, where 150 staff would have been suitable even if it was fully implemented?

Mr BROWN: I think you have to go back to the time of those business cases. I looked at them as part of the due diligence. They were static business cases done in 1998-99, when the infringement level was 1.7 million. One hundred and fifty staff was probably appropriate to process 1.7 million infringements but when OSR took over as at July it was running at 2.3 million infringements, which is in excess of 30 per cent on top of that 1.7 million. Very quickly, the first three months of this financial year, the infringement level increased to 2.8 million, and it has stayed. We will come in at 2.8 million this year so that is more than 60 per cent above that 1.7 million.

Mr RICHARD TORBAY: But since then you have been able to forecast that. The point I am making is that you have done the work to accurately forecast those volumes in advance. You have given evidence about that today. What I am asking is: why were those forecasts, if you had been through this process, able to do exactly the same thing, rather than build a new building where we can see you struggling to cope and all the flow-on effects that you are having to deal with? The process had to be seen as botched from the beginning.

Mr BROWN: You would have to ask the police that.

Mr ROBERTSON: In terms of comparisons, our work force modelling would indicate that for this year we need 239, not the 150.

Mr RICHARD TORBAY: That answers my question.

Mr JOHN TURNER: When you showed us through the building this morning you explained that quite a deal of work has to be done, or has been done already, on taking out partitions and putting in temporary accommodation which obviously will become permanent accommodation. So you have virtually reconfigured most of the building. Would it be fair to say that the building was mis-designed to start with in view of what you have done to date?

Mr ROBERTSON: The feature of the building I noticed when we assumed responsibility was that it did not provide any internal flexibility for one area to grow or decrease. It was characterised by a lot of partitioning, a lot of walls. As I said, it just did not have the flexibility either for channelling resources within the building and certainly for further growth but again we were not party to the negotiations.

Mr JOHN TURNER: Did it have any consequential occupational health and safety problems, or is the work force prepared to roll with the punch while you are doing the work?

Mrs EVANS: In the three months I have been there, occupational health and safety issues would go around; people are aware that they are working on temporary desks but they are comfortable with that because they know that we are working to alleviate that with permanent workstations. The desks they have are not outside any standards. They are still standard work desks. All the cabling that has been done on a temporary basis has been done so in accordance with occupational health and safety standards but they are also aware that there will be permanent cabling so any issues can be removed if they have brought them, and they have not been brought to my attention. There have been questions on the facilities being the number of people per facilities available but they are all within Australian standards for the number of people who have been there at the peak. Of course, with reducing numbers, it is even better. Occupational health and safety wise, we have an occupational health and safety committee that meets regularly to address any concerns the staff have.

Mr STEVE WHAN: You mentioned in your opening statement that there are now 82,000 work items down from 400,000, which is obviously a significant and welcome improvement, and that is about two weeks worth of work. What is the program for bringing that down further? How long will it take to bring that down?

Mr ROBERTSON: It is actually under two weeks; it is probably just a bit over a week's work. There will always be that lag. It is interesting that at the moment we are experiencing a peak of matters coming to us as a result of principally the Easter weekend, so that has suddenly given us a bit of a spike, but we have been clearing approximately 75,000 work items per week, currently sitting at 82,000. We will bring that down a bit. There are still a few of the work item queues that need a bit more direct attention but if we can keep that to round about 70,000 to 80,000 that is effectively a weeks work.

Mr STEVE WHAN: Yesterday the RTA gave evidence of its concern about the number of days it takes to turn around and process speed camera fines. It is concerned that people might have multiple fines or they might not have action taken for 40 days. It said ideally it would like to have it in seven or eight days. Is that a realistic ask? Is that something the RTA could get to?

Mr ROBERTSON: There are two components. There is the time taken for the infringement to come to the IPB and then there is that turnaround time from the IPB outwards.

Mrs EVANS: What we have at the moment, as you saw today, are different types of film images that come to the Infringement Processing Bureau. Even from the RTA we have some that are linked to us directly from the central processing unit, as well as some that come in what they call a worm disk as well as some that we upload ourselves, worm disk-wise. Basically at the moment if there is a worm disk from the RTA, so we receive the images through a worm disk. It takes approximately seven days to receive them from the RTA. Then a word processing and the turnaround time of approximately seven days at present. So, we are looking at 14 days. If it is a digital image that is coming down from the RTA directly we can adjudicate on that basically within 48 hours. So the standard would still be there to work on approximately seven days however the images received from them in the past two days date back as far as 14 days.

Mr STEVE WHAN: That is for digital images?

Mrs EVANS: That is for digital images, because they have a group that is looking at the images that come straight off what they call their batches or their sessions. They also check to see that the session was valid. When I say it was valid, that it was the right camera from the right location. We also have the wet film that you saw people rolling on. Those come from the red light cameras in police operations and they are taking up to 14 days to be received at the IPB.

Mr STEVE WHAN: I think it was mentioned yesterday that you were replacing a number of those more manual ones with the digital. How long is that process going to take?

Mrs EVANS: That is between the RTA and the police. I believe the police have approached the RTA to look at taking over the red light cameras and digitising them. So, that would be in the same turnaround time once the film is received digitally. You also saw the vehicle-mounted cameras, the film that the police officers themselves send in. The average time of receipt for those is up to 21

days. Once again, the IPB processing, we would still be looking at a week to two weeks to process the infringement.

CHAIR: We heard some evidence yesterday about 17 days elapsing before anything was happening in the processing bureau, or 17 days for the backlog to be addressed. I was a bit unclear on the evidence.

Mr RICHARD TORBAY: Seventeen days before they issued the evidence.

Mr BROWN: I think what he was referring to was the overnight life cycle and batch process, which was taking 15 hours a day to process when the Office of State Revenue took over and perhaps much longer than that prior to that. If you did not complete it, it would truncate and part of the life cycle program that sent out the reminder notices or the camera infringement notices just was not being done, and that happened obviously 17 days in a row.

Mr ROBERTSON: We compressed that overnight cycle from 15 hours to 6 hours, which enabled the cycle to complete and also enabled us to put those additional second shift people off.

Mr BROWN: Another problem with the overnight life cycle taking 15 hours meant we had to run it through the day and it was competing with our staff that you saw and we got response time degradation, so there were performance problems with it as well.

CHAIR: I would like to bring us back to the IMP system. I understand from your submission that IMPS as implemented was not performing to the specifications of the tender document. Can you briefly describe the differences and the way IMPS was working?

Mr BROWN: The main problems that we found with IMPS was, functionally and from a business point of view IMPS is very good. There are no problems with IMPS from that perspective at all. But in the tender specification and contract 85 per cent of transactions, infringement transactions, were to be processed within five seconds. The response time was to be five seconds, and the latter 15 per cent within 15 seconds. That was not being achieved. So, while IMPS from a business and functionality perspective was very good, its response time was too slow and it also had stability problems. It was unstable. Several times a day we would have to bring the system down and restart it. That would cost us about half an hour's lost productivity on each occasion. IMPS is a business critical system so when the IMP system is down the staff basically cannot work and if it is running slowly staff productivity is slow.

Mr STEVE WHAN: But you have ironed out those issues now? You mentioned before you still had some outstanding issues with the system performance?

Mr BROWN: We have not ironed them out. We have addressed a number of the issues but we have an ongoing IMPS application performance improvement program running. That will probably run for the best part of another 12 months. There is still a lot of finetuning to improve the response times in IMPS. It is not just one area, it is a complex issue.

CHAIR: So you have made no alterations to the IMP system?

Mr BROWN: Yes, we have made some very significant alterations to the batch processes, some of the underlying software and getting those releases up to current levels, because the previous ones had bugs and so forth. We have had a capacity planning review done which has looked at the physical hardware and the architecture of that. That has recommended some significant change as well as migrating it from police into OSR's environment.

CHAIR: It sounds very costly and technical. Were those alterations a significant cost?

Mr BROWN: We were given a transition program of \$2 million, and they have been mostly minor IMPS improvements, each one, and we are running well under budget on that. But we have sought capital funding next year for the program to transfer IMPS from police into OSR.

Mr RICHARD TORBAY: So to summarise, and to get back to the point I raised earlier, the forecast for people was wrong, the forecast for volumes was wrong, and the flow on from that is that the building requirements and other needs were wrong, and now we hear that the IMP system was not complying with the tender document. Is it fair to say that you spend all your time fixing up this flawed process and plugging all the holes in it?

Mr ROBERTSON: A significant part of the past eight months has been addressing each of those issues. I think, yes, we have had the people issue and we brought people on, we had an accommodation issue and we have addressed that in the temporary and looking at the longer term as well, and the system is issues as well. Yes, a considerable effort was required immediately to address of those issues that we identified.

CHAIR: From your experience was IMPS ready to be implemented and was it thoroughly tested at the time it was implemented?

Mr ROBERTSON: I cannot comment on the extent of testing and therefore I really cannot answer whether it was ready to be implemented.

Mr STEVE WHAN: But it was not operating satisfactorily when you got it?

Mr ROBERTSON: No.

Mr BROWN: There had been another major module added just prior to OSR becoming involved, and that was the digital camera module that came in, I think, in July or August 2003. At that time I think there were 28 people in the camera unit that you saw this morning. So, that was a significant additional load on IMPS. It is not just a straightforward situation.

CHAIR: Going back to the computer system, we heard there were differences in the tender specifications and what happened. You have given evidence that that had a severe impact on the productivity of staff, staff were not able to do what was required. Have you a view on how many additional staff would be required to compensate for those problems in the implementation of IMPS?

Mr BROWN: It is a very difficult question to answer, because as you bring more people on you create a bigger workload on IMPS and then you tend to get response time degradation. So it is not just a static model. It is an issue we have grappled with for the best part of the time we have been involved. We are only now getting to business as usual so to try to forecast with a fair degree of accuracy what staffing level you need going forward when you still have arrears we found quite complex.

Mr RICHARD TORBAY: What you have been able to do, given what you have inherited, has been remarkable and very impressive. Given your expertise, how do you see the future unfolding—looking at the volume of demand, the whole picture for the future—so we do not go through what we have gone through in the past?

Mr ROBERTSON: The organisation has a number of clients. One of the things we also have to do is that now that the IPB is no longer part of Police, Police in effect becomes a client of ours, as is the RTA. Police and the RTA represent 50 per cent of our business, with the remaining 50 per cent being councils, et cetera. We have to make the service level agreements between all our clients, including Police and the RTA, more robust. We can have some control over our business, because we can go out to councils and seek to do further infringement processing, or to other government agencies that might be contemplating issuing infringement notices, but we do not have total control because we cannot dictate or identify what councils might do with regard to their own activities. So, we need further and closer interaction with our clients in that regard.

We also need the flexibility so we can quickly respond to changes in volume. We need to think of our staffing mix so, if need be, we can not carry staff if volumes decrease, but perhaps more importantly to have the capacity to be able to fairly quickly increase our staffing levels to respond to changes in volume.

Mr JOHN TURNER: In that regard, you explained this morning that you have a number of contract workers as opposed to permanent workers. Do you know whether that was contemplated in the original work plan?

Mr ROBERTSON: My understanding is that virtually the entire staff were public sector staff. Some were part-time public sector but the bulk were permanent public sector. We will have a mix of permanent and temporary staff.

Mr STEVE WHAN: With that capacity to gear up as the workload increases, are you confident that the system is capable of increasing the number of users and demand without impacting on its performance?

Mr ROBERTSON: That is certainly part of the capacity planning exercise that is under way at the moment, so it can handle scaling, scaling of volumes. As we indicated, this year we expect about 2.8 million infringements to come through. Next year that could conservatively be three million, three million plus and moving forward. So, we need a scalable system.

Mr STEVE WHAN: We received evidence yesterday that a \$2.4 million server is sitting there. That is a lot of money. Is that a software issue or a hardware issue?

Mr BROWN: It is both, but certainly the scalability of IMPS and the capacity planning report we have done recommends strongly that we move from the existing architecture to more scalable architecture. Also, the evidence yesterday was that there is this very large single server. If that goes down there are plenty of what they call single points of failure. We would want to go to more redundant architecture so that we do not have those single points of failure, and rather than spending \$2.4 million on another large box we can spend \$30,000 one little one, and do it progressively as the volumes increase.

Mr STEVE WHAN: Having looked at that, would you say that the original specifications for this were flawed in going for that fairly narrow architecture with points of failure that you mentioned?

Mr BROWN: No. The original design documents done by EDS and then in the business cases were for a three-tier environment, which is similar to what we want to implement. The police did not implement that sort of environment.

CHAIR: I would like to get some evidence on management reporting and your view of some of the problems that existed there. When you took over did you find the management reporting that existed at the time you took control to be adequate, especially in relation to the state of the backlog and the revenue going statute barred?

Mr ROBERTSON: First, IMPS has the capacity to provide good reporting and to quickly and closely identify work flows, peaks, troughs or other movements.

CHAIR: Did you find it?

Mr ROBERTSON: Within about three days of beginning his due diligence exercise at the IPB Mr Brown was able to identify the extent of the problem. The reporting facility was there. I am not aware of the level of reporting previously provided from IPB to the higher levels of NSW Police.

CHAIR: Have you kept the original reporting mechanisms?

Mr ROBERTSON: No. We have made far more use of the reporting ability of the RAPS, coupled with far more active management reporting.

CHAIR: Does that mean it is significantly changed?

Mr ROBERTSON: Yes. I can provide a copy of the last monthly report, which is the combination of weekly data. It provides an excellent overview of the state of the nation.

CHAIR: Can you briefly describe the new management reporting processes?

Mrs EVANS: Every Monday morning I receive a summary of the IMPS queues. It is simple and identifies the areas that need to be attacked that week. The RAPS also has the ability to provide a snapshot of the major queues and how long items have been in the queue. I have established a monthly report that the management team at IPB submit to me. It is consolidated and forwarded to Mr Brown. I include summary statistics on month and year-to-date performance in relation to the queues, statute-barred matters and our financial progress. We also have weekly management team meetings and weekly operations team meetings for the three senior operations managers.

CHAIR: Without doing that you would not be able effectively to manage the operations.

Mrs EVANS: No. It certainly needs integration and constant communication.

CHAIR: Were these new initiatives implemented when OSR took over?

Mrs EVANS: I cannot comment about the situation prior to OSR's taking over. That is my management style.

Mr ROBERTSON: We have had weekly reporting since the end of August. With regard to capital works activity, a steering committee overviews all capital expenditure on the IMPS. The committee reports to OSR's principal capital expenditure steering committee. There are clear lines of responsibility and accountability.

Mr STEVE WHAN: Mr Brown said that NSW Police did not implement the original proposed architecture for the system. I presume that was what was proposed in the business case?

Mr BROWN: Yes.

Mr STEVE WHAN: Do you know when that decision was made and why?

Mr BROWN: No.

Mr STEVE WHAN: The original business case had several elements—the architecture, hand-held devices and so on—which were changed in the process and which appear to have seriously impacted on the operation. Do you have any comments?

Mr BROWN: Hand-held devices are not the panacea. The original EDS Australia Ltd business case provided in 1995 estimated that they would save perhaps eight staff and provide economies in data entry contract costs. There is an overwhelming business case to implement them and that proposal has gone to tender.

CHAIR: It would not save 100 staff.

Mr BROWN: No.

Mr ROBERTSON: It was not the factor that created the backlog.

Mr RICHARD TORBAY: It was not the problem.

Mr ROBERTSON: No.

Mr JOHN TURNER: Your statement indicates that reconciliations are still not occurring. Is that correct?

Mr ROBERTSON: We have engaged additional staff to address them. They are working on that with a view to clearing them by 30 June.

Mrs EVANS: The client reconciliations—that is, the client accounts for the infringements and so on—have been completed to the end of April.

Mr JOHN TURNER: Have you had to do that manually?

Mrs EVANS: No, we have introduced system enhancements to do that. That occurred in late April. We are now working on bank reconciliations, which are slightly more manual. We are planning to make them more automated in the near future.

Mr JOHN TURNER: The IMPS was deficient in being able to do reconciliations.

Mr BROWN: Client reconciliations were an enhancement that we had to add.

Mr ROBERTSON: That is reconciliations between us and our commercial clients.

CHAIR: What was staff morale like when OSR first took over?

Mr ROBERTSON: The quality of staff is excellent

CHAIR: We noticed that today and we were impressed by their positive morale and dedication to work.

Mr ROBERTSON: However, they were experiencing a great deal of pressure. That was the result of publicity about the lost revenue. Things were pretty close to breaking point. Within a month the place would have been overwhelmed if we had not been able to implement some of the changes. Having said that, when we went in and indicated that we would address the problems and we were able to demonstrate that we were making changes, the response was a very co-operative and positive attitude. That has carried through to now. When people saw some press last night, one staff member commented to me that it will be good when we can get all this behind us. They are positive about moving forward.

CHAIR: Have you had feedback from staff or clients—especially councils—that you would like to provide to the Committee?

Mr ROBERTSON: I do not have that on me. We can check that and pass it on. Certainly, we have had very active negotiations with our clients. They were well aware of the pressure we were under and the strategies implemented to address the problems.

CHAIR: Do you want to mention anything else on the record?

Mr ROBERTSON: We have addressed the point about the hand-held devices and I have stated that they are not the panacea. What is coming through to me, and having been involved in another major relocation at Lithgow, is that the overall project planning and lines of accountability need to be very clear. The Government has had a number of experiences with relocations and each one involves the interaction of government agencies. There might be an opportunity to develop some templates to assist other agencies in the three major areas: the people, facilities and technology. There is probably enough experience now to pull that together.

CHAIR: When that is drafted, will you please forward it to the Committee. We will help with its distribution. Thank you very much for your evidence.

(The witnesses withdrew)