

REPORT OF PROCEEDINGS BEFORE

PUBLIC ACCOUNTS COMMITTEE

INQUIRY INTO INFRINGEMENT PROCESSING BUREAU

At Sydney on Tuesday 18 May 2004

The Committee met at 9.40 a.m.

PRESENT

Mr M. J. Brown (Chair)

Ms G. Berejiklian

Mr P. E. McLeay (Deputy-Chair)

Mr G. R. Torbay

Mr. J. H. Turner

Mr S. J. R. Whan

BARRY FREDERICK DOUSE, Executive Manager, Department of Lands, Queen's Square Building, Prince Albert Road, Sydney, affirmed and examined:

CHAIR: Thank you for appearing before the committee today. Honourable members are looking forward to your evidence. I am advised that you have been issued with a copy of the committee's terms of reference and the Legislative Assembly's standing orders dealing with the examination of witnesses. Is that correct?

Mr DOUSE: That is correct.

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

Mr DOUSE: I am divisional manager, production and business development in the Department of Lands. I am appearing in connection with my previous role as general manager, infrastructure and processing in the Police Service.

CHAIR: Do you wish to make an opening statement?

Mr DOUSE: I will give the committee a brief insight into my role. I was general manager, infrastructure and processing from 1999 until early 2001. I looked after seven internal businesses for the Police Service, including the infringement processing bureau, the firearms registry, the security registry, properties and records and a couple of other branches—fleet and procurement. During my time in that position the decision was made to relocate the infringement processing bureau to Maitland from Parramatta.

CHAIR: Was it early in 1999 or 1998 that you started with the Police Service?

Mr DOUSE: I began with the Police Service in 1997. My original role was as a commercial analyst doing policy and planning for the civilian internal businesses of the Police Service. I won the position of general manager, infrastructure and processing in late 1998.

CHAIR: As you are aware, the infringement processing building at Maitland was constructed to accommodate 150 positions. Can you provide details on how that particular number was determined?

Mr DOUSE: Firstly, during my time as a commercial analyst, I was involved in looking at a wide range of police functions in terms of opportunities for outsourcing and efficiency following the Wood royal commission. It was believed that there could be some savings made and some efficiencies achieved. I systematically worked through a number of functions, including the Infringement Processing Bureau [IPB], to have a look at the opportunities for improving performance and looking for opportunities for service competition improvements in some of those areas. We did a detailed study of the Infringement Processing Bureau.

CHAIR: We, being?

Mr DOUSE: We being the Police Service, and we engaged at that time the Department of Public Works and Services procurement consultancy branch to do the detailed work in looking at the Infringement Processing Bureau's detailed analysis of workload and function, section by section.

CHAIR: By engaging them, you entered into an engagement agreement and paid them?

Mr DOUSE: We did. We paid them as a consultant, except that they were an internal government consultant. They were following up on work which had been done a couple of years earlier by the Electronic Data Systems Corporation [EDS], which is a private information technology [IT] consultancy, and they confirmed some of the results of EDS, brought them up to date and identified specific opportunities for making savings and improvements to the processes run by the Infringement Processing Bureau.

CHAIR: More specifically, the magic number of 150 was determined through that process, was it?

Mr DOUSE: I do not know whether it was a magic number, but we believed it at the time to be a realistic estimate of the numbers of staff required after a number of business reforms were carried out.

Mr PAUL McLEAY: How many people were employed doing that at that time?

Mr DOUSE: When the Infringement Processing Bureau came under me, it was approximately 230 equivalent full-time staff. There were a number of part-timers but the actual headcount was greater than the number of equivalent full-time staff. But shortly after I took over, the numbers were coming down and it actually touched at just under 200 by the time I left. Some of that was achieved by better management and supervision, some process improvement and, by the time I left, the effects of the Internet and interactive voice response [IVR] telephoned payments, which were taking hold.

CHAIR: So those staff members came down under the old system, the TPS was it?

Mr DOUSE: Yes, they did. They were falling at the time.

CHAIR: And you thought you could save between 50 and 60 positions by implementing the infringement management processing service [IMPS] project.

Mr DOUSE: The number I recall at Maitland was calculated at 150 when the equivalent full-time staff was at the time, I think, 240. That was the original business case and that was a saving of 90 positions. At the time the project got under way and funding was granted, the numbers had actually begun to fall and we had initial seeding funding from the Office of Information Technology, which was then in the Department of Information Technology, to begin Internet payments and IVR which had begun to take effect in terms of the reduction of staff.

CHAIR: Because there are now over 300 working in Maitland, that seems a lot greater than 150 initially projected. We just want to work out how that has happened.

Mr DOUSE: Mr Chairman, I left in March 2001 so I am not aware of what has caused that increase, but I can tell you about the business plan and the plan that we had at the time, which was effective up until when I left in March 2001. I can tell you where the savings were projected to be made in detail.

CHAIR: Let us not get bogged down. We would like to talk about some of those savings and some of the assumptions that were made in the business case on the IPB operations at the time the business case was prepared.

Mr DOUSE: Absolutely. Do you mind if I refer to a few notes?

CHAIR: Feel free.

Ms GLADYS BEREJIKLIAN: Were you responsible for writing the business case? Who wrote the business case?

Mr DOUSE: I did not personally write the business case, but the business case was prepared while I was the general manager.

Ms GLADYS BEREJIKLIAN: Who wrote it?

Mr DOUSE: From recollection, it was BSR Pacific, I think.

Ms GLADYS BEREJIKLIAN: So you engaged consultants to write the business case?

Mr DOUSE: As with normal practice, yes.

CHAIR: They were the 1994 consultants, were they not, or thereabouts?

Mr DOUSE: I know that that particular company had been engaged a number of times by the Police Service. I was not aware—I was not with the police in 1994. I was there from 1997 until 2001.

CHAIR: But did you engage that firm during your time there?

Mr DOUSE: I believe they were the people who wrote the business case, yes, during that time.

CHAIR: As well as the Department of Public Works and Services?

Mr DOUSE: Well, the Department of Public Works and Services was engaged through a different exercise which was not the business case for the system. That was an analysis of the efficiency of the Infringement Processing Bureau which I was conducting, as part of my duties as a commercial analyst.

Ms GLADYS BEREJIKLIAN: Who was responsible for liaising with consultants in the preparation of the business case—which person? Was it yourself or somebody who worked for you? Who was responsible for briefing the consultants as to what the requirements were, what the parameters were, and what the resources were?

Mr DOUSE: I am sorry, I do not recall in detail who specifically briefed them. I would have been involved in the preparation of the brief. In terms of managing the construction of the business case, I certainly would have received the results and would have approved them, but in terms of the day-to-day management, I am sorry I cannot recall.

Ms GLADYS BEREJIKLIAN: If you were not responsible, who was responsible for managing the actual drafting of the business case and putting all those components together? Who was the responsible person?

Mr DOUSE: I am sorry, I cannot recall that. We are talking about six or seven years ago now, six years ago maybe. I cannot remember the individuals involved.

Ms GLADYS BEREJIKLIAN: What did you understand your accountability was in relation to the business case?

Mr DOUSE: At the end of the day, I certainly accept accountability and responsibility for agreeing that the results were realistic, credible and achievable.

Mr STEVE WHAN: Can we run through some of the areas that the business case identified savings in?

Mr DOUSE: Yes, indeed. Just to establish a base line of where we were coming from, the Infringement Processing Bureau during my time was collecting about 1.2 million infringements, generating around about \$150 million worth of revenue. The cost of collection then was around about \$14 million. We had use the Department of Public Works and Services in producing a detailed breakdown of workloads in different sections involved in processing those infringements. There were certain inefficiencies identified which could be addressed either by technology or by business practices. Firstly there was the issue of handwritten tickets, particularly parking tickets, which would often have difficulties of interpretation through legibility, and they required manual intervention. Secondly there was a fair bit of rework involved in processing credit card payments which had been sent in where the credit card numbers had been put in inaccurately or transposed or, some people even said, may have been mischievously written by people who were unwilling payers of infringements. That was an issue. There was a lot of rework involved in the identifying those and sending them back out to the people to be redone.

There was adjudication of representations where people wrote in asking to be excused the infringement, giving reasons. There was no form done for that. It was a highly manual process which was processed by around 35 clerks at the time. There was adjudication of speed camera tickets which was largely done by people sitting looking at certain film and looking at each individual process where we identified again there was an opportunity for automation. The receiving system is a separate NCR system, which was separate from the mainstream TPS process. All those areas gave us opportunities to improve on the current system and we identified that in terms of process capability. The potential bottleneck in any processing was where it required manual intervention. The system's capability was hampered by having at some stage to throw our infringements into a manual system and to work them by manual processing to either inquire about their accuracy and to make a decision about them, or to follow them up in some sort of way.

There were a number of initiatives which had been identified through my study with the Department of Public Works and Services and which had been built into the overall case, such as the payment of infringements through third parties. Australia Post was identified as being one of those agencies which could receive payments where there had been previous negotiations. We looked interstate at practices and in New Zealand as well as overseas. For example in New Zealand they receive payments through the ANZ Bank, I believe, and in other States they have similar arrangements.

CHAIR: Do any of the other States have an IMPS system?

Mr DOUSE: All the other States had some of infringement processing, but I am not aware whether it was called IMPS. The basic elements of all the systems were essentially the same, but whether it had that precise technology, I do not know.

CHAIR: I am just a bit confused. If the previous technology worked quite well with over 200 staff, and the introduction of IMPS was going to reduce it to 150, to my mind therefore IMPS must be a darn sight better than previous technology.

Mr DOUSE: Yes.

CHAIR: My question is: Did any other States or any other jurisdictions implement this new beaut technology that we refer to as IMPS?

Mr DOUSE: I am not sure whether there are technology similarities. In terms of the assessment of the existing traffic penalty system at the time, there were certain weaknesses. Firstly it was built using old technology which is becoming increasingly difficult to maintain. There were only a few specialists around the place. It was built I believe using a code or language called ADABAS Natural.

CHAIR: Sure. I understand there were reasons to change from the original system, and I am not arguing otherwise, but the decision was made to take the IMPS system on board, and at the same time as implementing a brand new computer system, there was a relocation added to it.

Mr DOUSE: The design of the IMPS system and the capability of the IMP system were based on our own experiences in being infringement processors, plus the best practice we could find from overseas and interstate.

CHAIR: You identified a number of savings that you thought would reduce staff numbers?

Mr DOUSE: Mr Chairman, if I may, there were a few more I wanted to mention. I will run through them very quickly. One was adjudication of formal representations, which were letters, and there were camera-issued offences. The major one was handheld devices for the issuing of tickets, particularly parking tickets, which again caused a lot of rework in terms of legibility, and this would have allowed the capability of downloading tickets directly from the issuer to the system without reading paper tickets. This was certainly technology which had been introduced in Victoria, New Zealand, South Australia and other places around the world. This was certainly a major feature which would have saved a lot of labour and would have given the system much greater capacity to process tickets without manual intervention. The other one I have mentioned is the e-payments through

telephone payment and the Internet. Some of those features had been certainly established and had been proven for some time in other jurisdictions.

Ms GLADYS BEREJIKLIAN: Mr Douse, going back to the business case, who signed off on the business case? Were you responsible for implementing the business case?

Mr DOUSE: I was responsible for implementing the business case.

Ms GLADYS BEREJIKLIAN: Who signed it off so that you could therefore implement it?

Mr DOUSE: It would have been signed off by my boss, the executive director of management services, and possibly there was an overall Police Service committee on information technology which included the deputy commissioner and other senior members. In terms of the actual physical signing off, I cannot recall.

Mr STEVE WHAN: Your boss at the time was Mr Mooney?

Mr DOUSE: Mr Mooney, yes. Mr Mooney was the executive director of management services, and he was my boss.

Ms GLADYS BEREJIKLIAN: Would he have signed off on the business case?

Mr DOUSE: He may have been one of the signatories. I am sorry, I do not recall the exact process of actually physically signing, but he would certainly have agreed with it.

Ms GLADYS BEREJIKLIAN: At the time that the business case was approved and you were asked to implement it, did you have any issue with the business case? Did you think it was a good plan?

Mr DOUSE: I had been party to putting it together and I was absolutely confident it was doable, practical and realistic.

Mr RICHARD TORBAY: What about consultation with the staff? Were the IPB staff consulted and were there any issues raised during that process?

Mr DOUSE: The Infringement Processing Bureau management were consulted through the process of putting together the Department of Public Works and Services report in particular about the analysis of the various sections, and senior staff was certainly consulted throughout putting the business case. When the decision was made to relocate the bureau to Maitland with 150 staff, there were meetings held with all the staff at the existing Infringement Processing Bureau to explain the decision and how it would be implemented.

Mr STEVE WHAN: Did other members of staff or executive raise directly with you concerns that you could not meet savings in staff that were suggested in the business plan?

Mr DOUSE: No.

Mr STEVE WHAN: Were there any written submissions?

Mr DOUSE: Not that I can recall.

Mr PAUL McLEAY: The general view of the staff was that it could be done, with staff reductions.

Mr DOUSE: In terms of management at the time, the general view was that it was achievable. There were some reservations, but any reservations were associated with the contingency that these business reforms be completed. The business case was predicated on the improvements being achieved.

Mr PAUL McLEAY: The Committee has heard evidence that there is a widely held view that the plans were farcical, and that there was no way it could be done with reduced numbers. Did you get that impression from the staff in general?

Mr DOUSE: That view was never communicated to me. I believe I would have had the facts to strongly refute it if it had been raised with me. The business case was soundly based; it was based on the rational investigation and also on best practice in other States and other jurisdictions.

Mr PAUL McLEAY: We are having this inquiry because it has blown out. We have more than 300 staff, and lost \$25 million last year alone in failing to collect fines. The business plan has failed drastically, dramatically, and the Committee wants to know what happened.

Mr DOUSE: The business plan, which was in place when I left in March 2001, was not only sound but also achievable. It was based on best practice and was contingent on these reforms that I have mentioned. I notice that some of them may have been implemented, others may not have been. If they had not been implemented, there were contingencies for dealing with either those improvements not being achieved, and there were also issues at the time of potential significant increases in volumes, particularly from speed cameras from the RTA; and particularly from the reform of parking petrols and the transfer of parking petrols from police to local authorities. There were issues about volumes. We believed firstly that 150, the volumes at the time, and a substantial increase, was adequate, but in March 2001 we believe we had plenty of contingency to deal with any expansion.

Mr PAUL McLEAY: What capacity of expansion did you have contingency plans for? Was it 50 per cent, a doubling?

Mr DOUSE: I do not recall the numbers. I recall that we talked about two million rather than 1.2 million. But it was an unfolding story; the speed camera program had just started to roll out. The parking ticket issue had not been completed and it was likely to be transferred to local government, in which case there would be greater enforcements. The biggest issue about the capability of the Infringement Processing Bureau was taking the manual processing out of it. The things that most affected processing capability were bottlenecks caused by taking infringements out of the automated process and requiring manual intervention. These reforms were crucial to making the overall system work and allowing it to work at full capacity.

Mr PAUL McLEAY: In your opinion, what went wrong?

Mr DOUSE: I left in March 2001, anything I have heard since then has been hearsay. So I do not know.

CHAIR: On the issue of manual involvement creating bottlenecks, with the reforms going through did you think fewer people would write in to explain their scenario?

Mr DOUSE: For example, with the adjudication of infringement representations, there were some policy reforms and some technology reforms. The policy reforms, which had been adopted in other jurisdictions, notably for the Greater London Council, or its equivalent, in Britain was the publication of guidelines of why people might make representations. That in itself allows some self-selection. I think there were some 30,000 representations a week received in my time, at the Infringement Processing Bureau. People were not told on what grounds they could apply and often that resulted in up to six-page letters being sent in, often hand written. They were very time-consuming to process. No guidelines were issued in the first place and there was no form to make them easier to process.

Another reform that had been implemented elsewhere was also achievable; in addition to issuing guidelines upon which people might make representations, most were quite simple and could be automated. There would be a simple web-based generated form from which people could select the grounds, enter the number of the infringement, tick a box, and automatically generate a representation. Therefore, that would reduce enormously the amount of labour involved in processing.

CHAIR: Surely the more fines collected the greater the proportion of representations made, whether electronically or otherwise?

Mr DOUSE: Not a simple ratio, Mr Chairman. Firstly, if the blow-out in the number of infringements was in parking tickets, you would not expect a lot of representations. I recall the evidence at the time was that low-value tickets had low representation and very few grounds upon which people could make at a reasonable case with a non-moving offence to be excused. However, with moving offences, particularly speed camera offences which attracted high penalties and penalty points, there was a risk of a high level of representations, in which case an automated or partially automated adjudication process would have assisted as would the issue of guidelines as to how people could appeal, on what valid grounds.

CHAIR: I am glad you mentioned speed cameras. The RTA has put quite a few around the State, which generated the processing of many more infringements. Was the RTA consulted as to the number of infringements that might be generated?

Mr DOUSE: We were fully privy to the RTA business case and had full details of the RTA business case plans for speed cameras throughout the progress of the program. Indeed, as you would expect, the police had a lot of linkages with the RTA in terms of placement of speed cameras as well as linkages through Treasury when any cases were put to Treasury for speed cameras.

CHAIR: Did the RTA give you misleading information in relation to the number of infringements?

Mr DOUSE: We were certainly not misled during my time; we could not claim to be misled because the numbers put forward in Treasury cases were to some extent speculative. No-one knew exactly what number of infringements would be generated. Certainly we were informed of their plans to put in speed cameras and were consulted about the cost of processing. We made out cases at the time that if speed cameras were put in there would be a cost in processing.

Mr RICHARD TORBAY: Surely you have to say that the business case and the assumptions made were fundamentally flawed? It is your evidence that everything was okay while you were there and it all fell apart after you left, is that correct?

Mr DOUSE: I cannot say what happened after I left. It was certainly sound when I was there and I believe there was a report a year after I left, which was a health check of the overall project, that said exactly that. There was enough time, and money and resources there to be able to achieve the outcomes.

Mr RICHARD TORBAY: But you do not believe that the business case assumptions were unrealistic?

Mr DOUSE: On the information at the time and the reforms planned at the time, the business case assumptions were all achievable. Further, for any changes, there was plenty of capacity to make changes or to expand the capacity of the existing business plans with contingencies. I started to answer that question before, and we got slightly off the track. Firstly, Maitland was planned for 150, the detailed facilities planning had not been completed by the time I left. We expected there to be some contingency in the space available. There would have been an opportunity to allow for overtime if more manual processing was required. Also there could be an opportunity for additional shifts, and there is no reason why they have to work 8.00 to 5.00 or 9.00 to 5.00, or whatever. There is an additional shift capacity.

Also, the biggest backup in the overall plan was that we had Parramatta, we had an Infringement Processing Bureau that was working and it was planned to work in parallel with the Maitland facility for some time after the Maitland facility had been completed. The plan was that infringements issued under the old system would continue to be current during the statute live period of six months, from September until a least March 2004, and following that if required. There was capacity at Parramatta, which was backup capacity. These things do not happen overnight. If there was to be an expansion in the number of infringements, it would not expand hugely immediately, you would know that the extra numbers were coming.

Mr PAUL McLEAY: Was it your plan to reduce costs substantially? If a backup was to have two systems running, where is the cost saving?

Mr DOUSE: The costs are calculated not on absolute costs only. We were looking at best practice in terms of certain key indicators. One cost was costs per tickets, per processing. If you are doing three million tickets for \$20 million obviously you are doing a lot better than one million tickets for \$14 million. We were not looking at absolute reductions in costs. Also it was quite clear that if the initiative was successful in transferring enforcement of parking tickets to local authorities, the revenue coming into the Infringement Processing Bureau, which I believe did happen, was to be substantive. The net cost to New South Wales Police of running the bureau would virtually disappear.

CHAIR: The taxpayers gave a \$10 million payment back to local government because of the statute of limitations bar on fines.

Mr DOUSE: I am not aware of that payment.

CHAIR: In your business case you look at savings made with hand-held devices, which are quite modern and probably sound. However, those hand-held devices were not put out in the field. Surely that would have been a flaw to the business plan. How was that managed?

Mr DOUSE: Without knowing what has happened within the bureau, police or local government, one would only need to walk out into the streets to see that they are still being issued on paper, which is disappointing.

CHAIR: So, your business case is not valid?

Mr DOUSE: No, the business plan was absolutely valid. It had to be implemented to be valid, I also take issue with the fact that it was—

CHAIR: Sorry, I agree with that. The business plan, as implemented, was not valid because your plan was implemented without the hand-helds?

Mr DOUSE: They did not implement the whole plan. Obviously it was not the plan that was flawed, it was its implementation. I take some issue with any statement that the hand-held is new whiz-bang technology, in some way leading edge. It has been present in other jurisdictions for many years. It is a tried and proven technology. It has been in Victoria since the early 1990s. It was certainly implemented when we went to look at it. It has been implemented in Tasmania. It is not exactly state-of-the-art or cutting-edge technology.

Mr PAUL McLEAY: What were the business risks in implementing hand-helds?

Mr DOUSE: Very few risks. First of all, you had to have a willing customer to adopt the technology. We had very willing customers within local government who were planned to be the main users of the technology. There would be some training but the technology itself was very well proven. It was available off the shelf and there were no great challenges in that regard.

Ms GLADYS BEREJIKLIAN: For the record, can you explain why Maitland was chosen to be a project site for the relocation of the office?

Mr DOUSE: There was a government decision sometime in the late 1990s to relocate, or to seek relocation of, a number of metropolitan-based functions to non-metropolitan areas. The Infringement Processing Bureau and the Firearms Registry in my neck of the woods were both identified, I believe, by some government committee as having the potential for transferring to non-metropolitan locations. The Infringement Processing Bureau had been identified years before as a potential candidate for country relocation—I think the Shoalhaven was mentioned at some stage. Indeed, the Firearms Registry had been promised, I believe, to Dubbo at some stage.

So, first of all, country relocation was on the agenda. I was asked to provide information about potential locations for the Infringement Processing Bureau and Firearms Registry, and we again engaged Public Works to look at the potential for relocation in terms of availability of sites and

buildings, whether government actually owned buildings or land in various locations, availability of suitable labour, either skilled or trainable, to run the bureau, and we were looking at the communications and information technology links and the capability of those to cope with such a relocation. So those were the main criteria. I believe there was a report in either late 1998 or early 1999 that identified, I think, 15 potential locations, and one was chosen from those.

Ms GLADYS BEREJIKLIAN: In relation to the actual building at Maitland, I understand—and correct me if I am wrong—the business case identified the number of staff that would be required at the site, and therefore the building was constructed on the basis of the number of staff. Is that a correct assumption to make?

Mr DOUSE: That is what would happen. The building matters only started to be addressed just about the time I was leaving. It would be a normal thing to have a specification for a building based on anticipated staff levels and functions.

Ms GLADYS BEREJIKLIAN: Given that there may have been, as you had already projected, an expansion of the number of infringement notices coming in, and that the staff numbers may have fluctuated from time to time, was there any consideration in the business plan to having that site co-located with other services, or were there other arrangements, so that in moving forward there would be no risk of having less space than was required?

Mr DOUSE: I do not believe that was a particular consideration at the time. But, as I have outlined, there were a number of opportunities for increasing the capacity. It was our belief at the time that 150 was entirely an adequate number. It was not a stretch. Considering that what we were doing was with less than 200 by the time I left, plus the reforms that were on the table, plus the fact that when we looked at the relocation we had, I think, up to 15 staff involved in a non-core function, which was giving information to do with insurance inquiries, which could have been transferred—and I believe was transferred—to the Police Assistance Line in the longer term, at the end of the day we were not talking about a huge stretch with that number. We considered that we would have plenty of capacity with 150. But, at the end of the day, nobody would have locked us into 150 if there were to be a huge expansion in the number of tickets. If circumstances change, you go back and look at it again.

CHAIR: You will have to revisit business cases. I want to ask you a question regarding the Treasury requirement that ICT projects of over half a million dollars have business cases prepared in accordance with the Office of Information and Communication Technology, which is directed to the Office of Information and Communication Technology for assessment. The Internet project cost more than \$10 million. Why was not that looked at under those auspices?

Mr DOUSE: I cannot recall. I recall that Treasury would certainly have been provided with a business case. I cannot recall the involvement of the OIT or OITC other than that I know they were well aware of what we were doing because they had partly funded some of phase one.

CHAIR: You are saying they were aware of it?

Mr DOUSE: OIT had been intricately and intimately involved in phase one in providing \$100,000 for the funding of the IVR and Internet technology. In fact, they had approached us to get the fine payments done over the Internet as part of an overall government initiative.

Mr STEVE WHAN: When you went into this business case process, did you start with a view to making certain savings, or what was the driver for wanting to make the savings out of it? Was that a driver in itself, or was it simply an outcome of designing a new system?

Mr DOUSE: The overall driver was achieving a best practice Infringement Processing Bureau that could provide good value for customers and good value for the community of New South Wales. We believed that there were improvements that could be made, that the system was old, and that some of the business practices were out of date, and we believed that we could do better. There were certainly some changes taking place, and we wanted to meet the market.

There was also another circumstance that was emerging within the six or twelve months before I departed. That was the fact that infringement processing is not a function that necessarily had to remain within government. Indeed, there had been outsourcing in Victoria through LMT—Lockheed Martin Tenex—which already at that stage were making marketing representations in New South Wales. So it was a contestable environment. I do not think it was included in the business plan, but it was part of our thinking at a later stage that LMT or other competitors could come into the infringement processing market and if we failed to test ourselves the market would certainly test us at a later stage in competing for local government infringements and maybe even infringements issued by other authorities.

CHAIR: In conclusion, do you think central agencies should have more involvement in the big decisions that other agencies make?

Mr DOUSE: That is a very broad question, Mr Chairman. In my experience, successful projects usually involve central agencies that are fully informed of what is going on in various projects, and usually they make sufficient inquiries and are given sufficient information. I do not know that there is a requirement for more involvement. Just generally, it has been my experience that they have had all the information they required.

CHAIR: Is it your evidence that even though the business case was sound, the problems started because the implementation did not follow the business case?

Mr DOUSE: That is not for me to judge, Mr Chairman. I can only say what was my experience at the time.

CHAIR: Could you suggest some ways of preventing the problems that have occurred in this scenario?

Mr DOUSE: I am afraid I do not have enough information about what the problems were following my departure. I think it would not be responsible of me to make comment or speculate. Certainly, we were happy with the processes at the time, and we felt it was a very good project, and we were going ahead with implementing it as per the business case at the time.

Mr PAUL McLEAY: Did you feel there was a suitable handover to you and to your successor?

Mr DOUSE: There was continuity both through the steering committee membership plus the person who had come in to act in my position. Even before I left, Mr Walsham, had been involved in the firearms relocation. He had actually driven and project managed the firearms relocation to Murwillumbah. That was a model project, and we had actually run the infringement processing relocation in parallel with the firearms relocation to get the learning from the smaller relocation to apply to the bigger project. Mr Doug Walsham acted in my position, when I left, for the then Department of Information Technology, and when Mr Plouwman began as Executive Director, Management Services, we had a fairly lengthy meeting and I briefed him all aspects of the portfolio.

CHAIR: Thank you for your evidence this morning.

(The witness withdrew)

IAN JAMES REA, Acting Manager, Business Support Systems, and Customer Assistance Tracking System Project Manager, Business Technology Services, NSW Police, 1 Charles Street, Parramatta, sworn and examined:

CHAIR: I am advised that you have been issued with a copy of the Committee's terms of reference and the Legislative Assembly's standing orders relating to the examination of witnesses?

Mr REA: That is correct.

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

Mr REA: As Acting Manager, Business Support Systems, and Customer Assistance Tracking System Project Manager, Business Technology Services, NSW Police. I was the infringement management processing system [IMPS] project manager responsible for the implementation, design and development of IMPS.

CHAIR: We have not received a submission from you. Would you like to make an opening statement?

Mr REA: My involvement in the project commenced in September 1999 when I was brought in to manage the project. That project went through to March this year and I was then subsequently transferred to other duties. I project-managed the design, development and implementation of the infringement management processing system, which is known as IMPS.

CHAIR: Were you also part of the relocation team?

Mr REA: Not as such. I did sit on the transition project or steering committees more or less as an observer, but I took no real part in the decision-making process of the transition project team. Rod Wilmore of the Infringement Processing Bureau managed that team.

CHAIR: The business case for the implementation of the Infringement Processing Bureau [IPB] to Maitland predicted significant staff savings. We heard some evidence this morning about that issue. What were the key differences between IMPS, as implemented, and IMPS as assumed in the original business case?

Mr REA: I refer, first, to IMPS as implemented. As you have heard, there were no hand-held devices, so that part of the project was not implemented.

CHAIR: Is that because police or local government agencies did not take up that technology?

Mr REA: No. The decision was made because the function of parking patrol officers, at whom the hand-held devices were targeted, was going to be devolved to councils. The money that was set aside for hand-held devices was diverted into the purchase of a Sun E10000 computer.

Mr PAUL McLEAY: Why was that decision made?

Mr REA: At the time it was proposed to run the IMPS system and other police systems on that Sun E10000. At the time the computer was purchased the Australian dollar had devalued fiercely. There was only one of these computers in Australia and NSW Police³ required it. If the service did not make a decision by December 1999 or 2000—and I stand corrected on the date; I will have to check it—there would have been a substantial price rise in the purchase of the computer.

Mr PAUL McLEAY: That was the money set aside by NSW Police?

Mr REA: Yes.

Mr STEVE WHAN: Was the computer that was required to run the new system in the original business case?

Mr REA: The original business case referred a server to run the IMP system—the management of infringement notices. The size of the computer probably was bigger than what was required, on the basis that it was running other police corporate systems as well.

Mr JOHN TURNER: When you say that there was only one of these computers in Australia, where was it and why was only one available?

Mr REA: I have no knowledge of that.

Mr PAUL McLEAY: How much was it?

Mr REA: It was \$2.4 million.

Mr PAUL McLEAY: How much would the hand-held devices have cost?

Mr REA: They cost \$1.8 million. There was a contribution by other businesses in the police service because they would be using that computer as well.

CHAIR: Why did the police service have to buy hand-held devices for parking officers? Admittedly they are a part of the police service, but could councils not have purchased them on their own accord?

Mr REA: Councils could have purchased those hand-held devices, but we did not have the system at the time to accommodate the information. The IMP system was not implemented until September 2002, so we did not have the infrastructure in place to accept data from hand-held computers at that time. The traffic penalty system, which was over 10 years old, basically was a support system for manual processes at the Infringement Processing Bureau. It was more or less an accounting system and people would be told, "You owe us \$10. Have you paid?" The reporting functions of the old traffic penalties system were outdated and did not give us the information that we needed. The system fell far short of the Government's policy to electronic service delivery down the track. It had ended its useful life.

Mr STEVE WHAN: What impact did the decision not to purchase hand-held devices have on the way in which the new system was implemented? How much extra did it cost by not having them? How many additional staff were required as a result of the non-implementation of hand-held devices?

Mr REA: I cannot give you specific numbers for additional staff.

Mr STEVE WHAN: Estimates would be fine.

Mr REA: When we implemented IMPS a problem arose in relation to our data correction and the quality of data that we were getting. Ostensibly, 160,000 incorrect infringement notices had been issued. Obviously, the introduction of hand-held devices would have curtailed that quite drastically, because you built rules into the actual hand-held device. In other words, people would be told "You cannot go any further unless you complete this correctly." The data is entered only once and it is entered correctly. So, ostensibly, those numbers would have dropped.

Ms GLADYS BEREJIKLIAN: As project manager for the implementation of IMPS to whom did you report?

Mr REA: I reported each month to the IMPS steering committee and also to the technology management board of NSW Police.

Ms GLADYS BEREJIKLIAN: Who was the chairperson of the IMPS steering committee?

Mr REA: It was the general manager, infrastructure and processing. Later that changed to the executive director, management services.

Ms GLADYS BEREJIKLIAN: Does that mean that initially it was Mr Douse?

Mr REA: Yes.

Ms GLADYS BEREJIKLIAN: What was your understanding of who had completed the business case?

Mr REA: As I understand it, in 1994-95, Electronic Data Systems—a firm that was contracted out—concluded the business case.

Ms GLADYS BEREJIKLIAN: Are you referring specifically to the business case for IMPS?

Mr REA: For IMPS. Subsequently that was followed up in 1994 by an abbreviated business case by BSR. Also involved in that in 1994 was the Department of Public Works and Services, which looked at the outsourcing options and whether ostensibly the IPB should remain core business for government in 1994. Each one of those reports contained recommendations for new technology.

CHAIR: The committee has received evidence that fines worth \$32 million were processed and therefore became statute barred. What were those fines? Who wrote them? Were they computer generated or handwritten fines? Why were they not processed?

Mr REA: Without going into numbers, the bulk would have been error corrections where the councils had not filled out the infringement correctly and they were awaiting actual correction. A big proportion would have been as a result of statutory declarations that were not processed in time. In other words anyone, reported under the owner's provisions he or she, being responsible, has a right to submit a statutory declaration to nominate who was the actual driver and the IPB needs to take action against the new nominated person.

CHAIR: Were there parking offences that council officers incorrectly wrote?

Mr REA: A big proportion.

Mr JOHN TURNER: The majority?

Mr REA: I would suggest, the majority of all parking offences were incorrectly done. I would say out of 160,000.

Mr STEVE WHAN: To clarify that, the majority of the things that were outstanding were parking fines, but not the majority of parking fines issues were incorrectly made out?

Mr REA: No. The majority—60 per cent of two million—issued each year are not incorrect.

CHAIR: Apart from the incorrectly written parking fines that had to be corrected and processed, there were also issues relating to owners of vehicles who allege they were not driving their vehicles at the time of the offence?

Mr REA: That is correct. There was also a delay in processing representations. The IMPS system was designed that when a representation is made the life-cycle of the infringement stops until a decision is made in relation to representations. No decision was made and the infringement lapsed.

Mr RICHARD TORBAY: Were any aspects of the business case unrealistic?

Mr REA: No. Having looked at the volumes at the time of the business case, and in hindsight, yes, because we did not plan for the volumes and the backlog that we walked straight into. It was a new computer system and we walked straight into a backlog of something like 500,000 outstanding work items.

Mr STEVE WHAN: Why was that?

Mr REA: There was a transition plan put into place. As I understand it I do not think that business plan was actually resourced.

Mr STEVE WHAN: The committee received evidence this morning that the transition plan was designed to keep the old processing system running for six months. Was that not adequate or did it not happen?

Mr REA: No, that was adequate but it did not happen, in effect. The plan was to allow traffic penalties to wind down with a sufficient number of staff as IMPS wound up. That did not happen and we had to transfer a number of infringements from the old traffic penalties section and load them into the new IMPS system.

Mr RICHARD TORBAY: Was risk management not properly undertaken?

Mr REA: I would suggest, yes it would have been, hence we actually loaded those infringements to IMPS. Bear in mind, I was not a part of the process or transition planning. The decision was taken to load to IMPS so there was some sort of risk management there by doing that.

Mr STEVE WHAN: On what basis did the transition plan not happen? Why did the six months transition period not happen in the way it was planned?

Mr REA: I am not aware. I have no knowledge of that.

Mr STEVE WHAN: You said there was an immediate problem?

Mr REA: Yes. The theory was we had a new system with new staff trained in the new system and a new culture at the IPB, leaving the old behind, to look after the old. In effect, that did not happen. After we trained the IPB staff in the new system they had to sit back and be trained in the old system to deal with all the outstanding traffic penalty matters.

CHAIR: Was that because of the decision to close down Parramatta and not have the old staff deal with the old matters under the old system in the old place?

Mr REA: I believe so.

Mr PAUL McLEAY: Would it have worked if the 500,000 were dealt with at Parramatta by the former staff?

Mr REA: When I say 500,000 it was combined IMPS and new and old systems. I do not know what the figures were at Parramatta but it should have been left to clear out the whole backlog of the old system so we close it down, decommission it and leave it as is, and let the new staff at Maitland take care of the new system.

Mr STEVE WHAN: To whom should we direct our questions about why the six-months transition did not take place?

Mr REA: Two people: Mr Wood and Mr Rod Wilmore, the transitional project manager.

CHAIR: When senior management considered altering a function of IMPS such as the hand-holds as assumed in the original business case, was that communicated to the IMPS project management team?

Mr REA: Yes, it was a submission that was formally kicked off by myself at the direction of the steering committee. That was put up through government channels through our senior management, and the expenditure was approved. The actual expenditure was reported on the monthly reports to the steering committee and it was shown as a line item.

CHAIR: How did anyone reassess the business plan once decisions were made not to follow the business plan?

Mr REA: I have no knowledge of how that came about but I do understand that the firm Accenture undertook a restructure and grading exercise before the move to Maitland took place. I had no part in that.

Mr STEVE WHAN: Obviously, by not implementing the hand-helds what was implemented changed from the original business case. Was there a reassessment of the business case by Accenture?

Mr REA: No, not to my knowledge.

Mr STEVE WHAN: Was the business case flawed in that it did not ask for enough resources to buy the computer and the hand-helds, or did it ask for enough resources and not get them?

Mr REA: That is a very good question. We had \$1.8 million for the hand-helds and we had money available to purchase a server in relation to the bid, so the \$1.8 million was diverted.

Mr STEVE WHAN: But it was not sufficient for the server that you decided you eventually required?

Mr REA: The Police Service as a corporate body decided it required, no.

Mr PAUL McLEAY: Who provides the current ticket books?

Mr REA: The IPB has them printed and distributes them to the councils or the clients.

Mr PAUL McLEAY: The Police Service provides them?

Mr REA: Yes.

Mr PAUL McLEAY: How much do they cost?

Mr REA: I do not know but I believe, and I stand to be corrected, the councils pay for them, or it is incorporated in the fee they charge for processing the infringements.

CHAIR: Apart from the business case, there was a risk management plan and a changed management plan. When decisions were made that differed from either of those plans did a committee or group of people decide to change other inter-related plans to make sure they work together?

Mr REA: If I can go through the structure of the project, we had a work plan for each particular piece of work that needed to be done on the project. Each work plan identified risks, issues that may arise and assumptions. Each of those assumptions was solved by a committee: it was escalated to a committee. If that committee needed to escalate it higher—in other words if financial implications were involved—it would go to a steering committee for its approval and obviously with certain recommendations and paths to go down. That was the decision-making process. The risks were managed by each of the individual team leaders dealing with those particular pieces of work. As they got higher they were managed higher up.

CHAIR: Do you say that these planning documents were updated?

Mr REA: Yes.

CHAIR: Why did the staff stay constant at 150?

Mr REA: That was not a project decision as compared to the technology, that was a management risk, and I did not have day-to-day involvement in the management functions of the IPB.

Mr PAUL McLEAY: Considering it was an organic process, at what stage did the committee or management believe that things might have started to go wrong? What actions were then taken?

Mr REA: Which committee are you talking about?

Mr PAUL McLEAY: The steering committee or any others that were involved?

Mr REA: That would be the transition committee and Mr Wilmore would be more qualified to answer than me. We took action to help solve the problems. There were business rules set by the business, and we relaxed some of those business rules to release some of those on the data correction. We had problems with our batch jobs that were running through IMPS because of the volumes on the work-flow queue. We split the action life-cycle batch job—I am getting technical—into three extra parts. We had a look at the applications architecture, which we amended to make those batch jobs run quicker, so much so that later on in the process because of those changes, IPB was able to work a second shift to help get rid of the backlog.

Mr PAUL McLEAY: When was that isolated?

Mr REA: It would have been isolated probably approximately in July/August.

Mr PAUL McLEAY: Was that because of additional workload?

Mr REA: It was a case of additional workload. IMPS, as it was original designed, did not work under the volume so we changed the back end of the design to cope with those volumes. Now we have life-cycle, now these work-flow items are down to a manageable proportion. IMPS is now running as it was supposed to run and originally designed.

Mr PAUL McLEAY: It is now running like the business plan set in 1999?

Mr REA: No. We had a business plan and then we went up through our high-level design, system design and then down to the detail design. It is running as the detail design dictated which was done in 2001.

Mr STEVE WHAN: In other words, now no backlog is building up?

Mr REA: No.

Mr STEVE WHAN: You have dealt with the backlog?

Mr REA: IPB has dealt with the backlog and it will probably inform the committee about how it has done that.

Mr PAUL McLEAY: With how many staff?

Mr REA: I believe it is more than 200 at the moment, some of whom are temporaries and once the backlog goes it will have realistic—if it has not already—look at the figures on what they mean.

Mr STEVE WHAN: With the system running as it is what would it cost to bring in hand-held devices? Would it speed up further and reduce the number of employees required?

Mr REA: Yes and no. It will speed up. Treasury has budgeted or given capital funding of \$1.4 million to implement the hand-helds and that includes the back-end and the infrastructure and the security to enable the download/upload of data and all those types of logistics. You are right in what you say, the introduction of hand-helds will reduce errors and the data entry fees that IPB subcontract. On the upside the administrative costs will increase in that we need more servers, infrastructure and monitoring of data going up and down the line. It is not just a matter of getting a hand-held, going out and issuing infringement notices, we have what we call a offence code. An offence code is tied to a specific penalty and the penalty goes up according to the consumer price index quite regularly. So there are uploads and downloads of that type of data.

One of the things to make the street safer is that we are going to download stolen vehicle information from the Roads and Traffic Authority so when the parking patrol officer is actually going

around the streets and comes across a stolen car, he or she can notify police straight away and say that they have found a stolen vehicle. It is just not a matter of going out. Bear in mind that IPB is central, and there are how many client councils out there? It is not going to one server. We have to go to individuals, and keeping them in sync is a challenge. There are going to be costs associated with that so it is not all savings, there are some downsides to the hand-helds.

Mr PAUL McLEAY: Is it still necessary to implement the hand-helds? If so, do they offer value?

Mr REA: Yes, I think it is necessary and I think they will offer value in the long run.

Mr PAUL McLEAY: Is that because they will provide additional services?

Mr REA: They will provide additional services to the public of New South Wales. I did not mention that the RTA wants to download disabled driver parking permit authorities as well so that it can check to stop people roting that side of things. Yes, they will provide a better service to the community. There will be integrity of data. It will lessen the number of complaints to government, for example. You constantly see stories on *A Current Affair* about people who say, "They got the wrong car number, I've written and I keep getting infringement notices".

CHAIR: Is the RTA the Infringement Processing Bureau's most significant client?

Mr REA: Yes.

CHAIR: Was it consulted on an ongoing basis during the implementation so it could bring you up to speed with new projections and data?

Mr REA: Not me personally, no, but I believe the management of IPB did. May I say something about the RTA and the digital cameras?

CHAIR: Yes.

Mr REA: What started out as expressions of interest through the RTA—although we were aware that it had a plan to implement digital cameras—turned into a full-blown tender. The RTA implemented ahead of schedule quite a number of cameras that we were not prepared for.

CHAIR: Yes. We have seen some numbers in relation to that lack of preparedness. Hundreds of thousands of fines came through. Why was there that lack of awareness? Was it because the RTA did not communicate its plan effectively?

Mr REA: I cannot say. I was not aware of how many it was going to implement until the final hour. I am not aware that it communicated that to IPB. Initially the RTA intended to install five cameras on a trial basis but it turned out to be full production. It then turned into hundreds virtually overnight. That decision was made by the RTA.

CHAIR: In the initial weeks each camera was sending out 5,000 notices or so?

Mr REA: I am not aware of those figures; I will take your word for it.

Mr JOHN TURNER: What happened with those fines? Did they become statute barred?

Mr REA: Only as a result of statutory declarations. As far as I am aware, all the camera notices were processed on time. If someone submitted a statutory declaration, it hit a workflow queue and, if it was not attended to within six months, it was statute barred.

CHAIR: Looking forward, other agencies will probably have some relocation issues and management of IT issues. I hope that they can learn from what has happened in this case. What are the key areas that you think other agencies should be aware of?

Mr REA: They should stick to a transition plan for a start. Secondly, I would foster the mentoring side of things. In hindsight, it would have been nice to have people experienced with the TPS system go to Maitland and mentor the new staff in the new system, procedures and written policies. When we looked at budgets around the place we probably erred on the side of saving pennies when in the long term it probably cost us pennies. Those types of things are the main things I would look at, as well as the training gap. We trained people in the new system but they did not start on that system until some two months later.

Mr PAUL McLEAY: Do you think the problems that developed are a result of the move? If IPB had stayed in metropolitan Sydney would we have experienced the same problems?

Mr REA: Yes, I would say so because if the transition plan was not followed it would not matter whether staff were located; the problems were always going to happen. The only thing I would say is that if you had stayed in Sydney you would not have had new staff: you would have had the same staff working the new system and their knowledge would have been such that they could process more. They knew what they were doing and where they stood in relation to the statute of limitations. One thing about IMPS compared with the old traffic penalty system is that, because it was a manual system, I do not think IPB management was fully aware of the workload it had. There was a lot of room for fudging. For example, if I had representations on my desk in a pile and someone asked me how many was in the pile I could say, "Oh, 100" when in fact there were 300. With IMPS and the workflow queue, IPB management knows exactly how much it has in the workflow, how old it is, what should be tackled first and who is not pulling their weight on a day-to-day basis. I suggest that under the old system perhaps government would not have been aware of the number of matters that were going statute barred.

Ms GLADYS BEREJIKLIAN: In your time at the IPB for 3½ or four years, were you confident of the processes in place that allowed you to undertake your role as project manager for IMPS?

Mr REA: Yes.

Ms GLADYS BEREJIKLIAN: When the Chair of the steering committee left and a new person came in were you comfortable with the transition arrangements and the succession?

Mr REA: Yes. Ostensibly the composition of the steering committee remained the same except for the Chair. It was carried through the Chair and one other person—Mr Wood, when he came on board as General Manager, Infrastructure and Processing.

Mr STEVE WHAN: Are you confident that during that process there was a person who had overall knowledge and responsibility for all aspects of what was happening in relation to the new system?

Mr REA: Yes, that was the then director of the Infringement Processing Bureau, Ted Edwards. He and Rod Wilmore were on the committee. Various members of the business were there and had general overall oversight, as well as their immediate supervisors—general manager, infrastructure and processing; the executive director of management services. The general manager, business technology services, was there. If he was not there his representative, the manager of application services, business technology services, was there. There was also a representative from the police ministry on each of the committees.

CHAIR: Thank you, Mr Rea.

(The witness withdrew)

PETER WILLIAM WOOD, General Manager, Infrastructure and Processing Services, NSW Police, 1 Charles Street, Parramatta, sworn and examined:

DEPUTY-CHAIR: Mr Wood, thank you for appearing before the Committee today. We are pleased to hear your evidence. I am advised that you have been issued with a copy of the Committee's terms of reference and also a copy of the Legislative Assembly's standing orders 332, 333 and 334 that relate to the examination of witnesses. Is that correct?

Mr WOOD: That is correct.

DEPUTY-CHAIR: Did you receive a summons issued by the Chair?

Mr WOOD: I received a letter requesting my attendance today.

DEPUTY-CHAIR: We have received a submission from you. Is it your desire that that submission should form part of your formal evidence?

Mr WOOD: No, I have not put in a submission.

Ms GLADYS BEREJIKLIAN: It is a letter.

DEPUTY-CHAIR: Thank you. We shall now move to questions. Would you like to make an opening statement?

Mr WOOD: I would like to state that I joined the police in December 2001. As mentioned by Mr Douse, I replaced Doug Walsham. At that time I was responsible for those areas that Mr Douse mentioned. At the same time as being responsible for the relocation of IPB to Maitland I was responsible for the relocation of police headquarters to Parramatta, the five-year licence renewal at the Firearms Registry, implementation of the first stage of shared services with employees and about 12 projects where police were required to meet the 6 per cent productivity savings that were required at that time.

CHAIR: What do you see as the major causes of the problems that have led to this inquiry?

Mr WOOD: As has been mentioned, we had an implementation and transition plan. It was based on the fact that the TPS system would operate at Parramatta and wind down over a 12-week period—or through that cycle—and that the new staff based at Maitland, who were trained solely on IMPS, would deal with all infringements that were processed from that date. So they would not be involved with the TPS system at all. We delayed the start date for Maitland until September to give us an extra month to ensure that we had all the training in place. We encountered a difficulty when we found out that the contractor that batches and loads the infringements had put a large number of infringements on both the TPS and the IMPS systems. That meant that if a member of the public rang up about their infringement it might have been dealt with by someone at Parramatta but it was still running live on IMPS. The two systems would not talk to each other. So we then had to make a decision to train the people at Maitland to deal with all those inquiries otherwise we could not keep control over those infringements.

Mr PAUL McLEAY: I thought the last witness said that a conscious decision was made to load them onto both systems.

Mr WOOD: I asked why that happened and the advice was that the decision was made to load them on both in the end because we could not have two systems operating at the same time and not talking to each other. But the initial transition plan was that until the Friday that we operated at Parramatta all infringements would be dealt with on TPS through their life cycle by staff who remained at Parramatta. On the Monday any infringements that came in would be put on the IMPS system and dealt with by staff based at Maitland, who had been trained to do that. We subsequently found out some time down the track that we had infringements on both systems. So we would be

dealing with an infringement on one system, the client would think, "I've dealt with that", the system would be updated and the next minute they would get the next letter in the cycle.

Mr RICHARD TORBAY: The two systems were not speaking to each other.

Mr WOOD: That is right.

Ms GLADYS BEREJIKLIAN: When was it common knowledge that the two systems were not able to communicate with each other?

Mr WOOD: It was some time because we found the other problem later when IMPS was being tested for volume. It was able to run its batch overnight but because of the number of errors IMPS would not complete its run. Unfortunately we found that out after the event—some 17 days elapsed with no infringements issued and then all those infringements were issued at once. We had a massive volume of calls as a result of those infringements going out. When we started to look at why—people were saying, "I've talked to someone and dealt with this infringement; why am I getting more letters?"—we discovered that we had two systems operating.

Mr STEVE WHAN: How did the error occur? Why did they load the information when it was not meant to be loaded on the new system? Why were the contractors' instructions not specific enough to ensure that that did not happen?

Mr WOOD: The advice I received was that someone—I have never been able to find out who—was unsure whether it was on one system or the other, so he or she put it on the IMPS.

Ms GLADYS BEREJIKLIAN: Did the business case not make mention of capacity? Surely it should have been a centrepiece of the business case. It appears that it was not.

MR WOOD: From day one in Maitland we did not operate in a normal environment. We had this backlog and two systems running. We also had 160,000 infringements on the error queue. I went to Maitland regularly and talked to staff. I could not understand why they were implementing strategies to deal with a backlog and the next day they would have more on the queue. I found that when we dealt with one error, the program then ran through the other 159,999 errors before picking up the next one. The operator was sitting for ten minutes or more waiting for the next one to arrive. As soon as the staff told me that I went back and asked for changes to the program. The program now picks up the next error. We then started to eat into the backlog and received regular reports referring to the length of time between matters becoming statute barred—how many days or weeks we had. The advice I was receiving was that we were starting to eat into the backlog and to reduce the number of claims potentially becoming statute barred. I talked to the staff about volumes and resources and set up a joint consultative committee to establish a cross-reference with staff—that is, we were talking to staff, not only to managers. From day one we did not have a normal operating environment. It was hard to say that 150 people were not enough. We implemented strategies to address the backlog and then looked at the numbers to establish whether they were sufficient.

Mr JOHN TURNER: What was involved in the tweaking to sort out the system going through the 159,999 entries and building in time codes? What was involved in changing that system?

MR WOOD: The first question I asked was whether we had common errors and why there were so many in the error code. There were simple issues. For example, we restructured the regional police commands and if a police officer issued an infringement and put in the old regional code and everything else was correct it went into the error queue. If that was the only mistake, we needed to change the program to release it. We started to release as many as we could through simple processes, as well as having the program call up the next infringement. When the error was resolved, it did not scan every error in the system.

Mr JOHN TURNER: It is now a fairly simple process.

MR WOOD: That is correct.

Mr STEVE WHAN: You are saying that a software glitch, or something that needed to be sorted out, caused a huge backlog as well as the data loading error.

MR WOOD: As well as 17 days of no infringements being issued.

Mr STEVE WHAN: Why did it take 17 days to pick that up?

MR WOOD: We wrongly took the view that if no-one told us there was a problem that was the situation. I spoke to management consistently. Unfortunately, I had to go up there myself to find out about many of these issues.

Mr STEVE WHAN: Was it not a conscious decision to depart from the business plan and not to have the six-month transition period? Was it forced on you by these errors?

MR WOOD: That is correct. Our transitional plan was that the old IPB staff who did not want to relocate to Maitland would be retained at Parramatta to deal with the wrapping up of the TPS. Our strategy for the new staff was to train them only on the IMPS because we wanted them to know only the new system.

CHAIR: Your alarm bells were ringing and you were going up there because you discovered that some fines were about to be statute barred. Was there any mechanism through which you reported to Treasury that its consolidated revenue could be affected potentially to the tune of \$32 million?

MR WOOD: I provided weekly reports. The general manager, finance also liaised with Treasury about the income projections. It was his role to deal with Treasury on that issue, not mine. He talked to me about what we were doing and he received copies of our weekly reports.

CHAIR: What about other clients such as councils? Did the organisation let them know that it was not processing fines and that if they had formulated budgets based on a particular number of fines being collected they could be in trouble because they were statute barred?

MR WOOD: The IPB had an officer whose job it was to liaise with councils.

CHAIR: Did it occur?

MR WOOD: To the best of my knowledge he had regular discussions with councils about their likely income. I was not personally at those discussions, but I was advised that he had regular talks.

Mr PAUL McLEAY: The data was loaded onto both systems—the TPS and the IMPS. You said that people may have dealt with one officer, but the report was still outstanding on another system. Were any people paying fines twice?

MR WOOD: I doubt it, but I could not rule it out.

Mr PAUL McLEAY: Was there any checking?

MR WOOD: We were trying to get it onto one system to eliminate the duplication.

Ms GLADYS BEREJIKLIAN: When was the backlog identified and by what level of staff? How long did it take for management to realise the backlog existed?

MR WOOD: It became evident to me when I was advised that we had not sent out any infringements for 17 days. We had two issues of concern: First, people were regularly saying they could not get through to the call centre; and, secondly, we had a large number of infringements on the error queue. At that point I became more involved in working through the problems. We found that the reason people could not get through to the call centre was that a decision had been made to route calls through the EagleNet system. If someone rang Maitland, instead of paying for an STD, the call would come into the Sydney police centre and be sent up through the internal police network.

Ms GLADYS BEREJIKLIAN: Did the staff at the coalface who realised that this anomaly was occurring tell you directly during a routine visit to Maitland? You were talking to staff and they said they seemed to have a backlog.

MR WOOD: I talked to management regularly. However, when I went to Maitland I made a point of talking to the various managers and staff. I found out more about the issues than I might have otherwise.

Ms GLADYS BEREJIKLIAN: There was obviously a breakdown in the management system. Staff were not aware how to report these issues. You appear to be indicating that you stumbled upon the problem by accident. As chair of the steering committee, you presumably raised the issue at that level and decided what to do. At some stage you must have reported to your superiors.

MR WOOD: This was after the move. The steering committee was there to oversee the move to Maitland and to manage the IMPS. This was discovered as a result of talking to management and staff about problems that we had and how to overcome them. However, I learnt some things from the staff, such as the fact that the system scanned all 160,000 infringements.

Mr RICHARD TORBAY: I refer to your impressions when you started in this position in December 2001, which was months after Mr Douse had left. The committee has had evidence that things were running pretty well and that performance indicators were being met and targets were being achieved according to the proposal. It all went wrong quickly after that, when you arrived on the scene. I am not casting any aspersions. You spoke to the staff and had interaction. I am interested in your views about the implementation process and whether the plan was achievable. Were the staff to whom you spoke concerned about aspects of the implementation and whether these things were achievable?

MR WOOD: The information we received through the various steering committees and the consultants was that the system was on track and that it could cope with the volume. We recruited a large number of new people to Maitland, and they were very good. They were highly motivated and highly skilled. They were concerned about how we could deal with the backlog. As mentioned, we came up with strategies, including having different shifts. I talked to them about additional resources and asked what they needed. They said that they probably did not want new people because they would have to be trained and that would take longer than doing more overtime. We set up a task force to deal with specific problems, such as statute declaration queues that were about to go statute barred. We took a manager off line to deal with that. We had full co-operation from the staff. We had a joint consultative committee that met every month. They were positive about what we were doing and the work they were doing. The indicators were that if we ever got back to a normal business arrangement we would be able to cope with the volume.

Mr PAUL McLEAY: After the go-live date everything was on track.

MR WOOD: The biggest challenge on go-live was ensuring that the IMPS was in place, the accommodation was ready and the roughly 100 new staff members were recruited and trained. We did all that. The problems occurred as a result of the other factors that I indicated.

Mr RICHARD TORBAY: Was the business case sound if you did not start on the front foot? Were those factors taken into account in the business case? If not, why not?

MR WOOD: The brief I received was that we had to open Maitland in about August or September, which we did. We needed 150 staff in place. We had to have an IMP system which could do better work and which involved much less data entry than the TPS. That was put in place. However, as mentioned, we had major problems from day one, starting from the batching through to the fact that the system was not tested to the volume required.

Mr RICHARD TORBAY: So you are saying that the risk assessment was not robust enough?

Mr WOOD: I would suggest that the risk assessment was not robust enough in terms of we should have tested IMPS for a higher volume than we did. In hindsight, we probably should have

investigated what happens if some infringements stay on both systems. Now, wrongly as it turned out, we were confident that we had in place processes and structures to wind down the TPS system and to have new staff working entirely on IMPS.

Mr STEVE WHAN: In terms of the issue of the contractor loading the incorrect data, as it turned out, what lessons are there for you in managing that sort of contract in the future? How do we avoid that contractor making the same mistake in the future?

Mr WOOD: I think in the future, based on what we needed to have but did not have, we had a project manager looking after IMPS, which was a full-time job, and that was delivered. But everyone else that was involved in this was doing it as part of their other job and I think that while a number of us at that time were getting other tasks to do—that is not an excuse—there was no-one you could say was full-time project managing all these things. But what you needed to do was rely on advice you received as opposed to if you were just doing that full time, in which case you would have more time to go out and talk to that contractor and say what you want.

Mr STEVE WHAN: Perhaps the contractor was inadequately supervised or directed?

Mr WOOD: I have never been able to find out just why that happened.

Mr STEVE WHAN: Did they do like a test merge of data to see how it all worked, or a test loading of the data, or a trial?

Mr WOOD: I cannot answer that in terms of the detail, but certainly the advice we got at the steering committee level was that we had testing in place and it was running.

Mr STEVE WHAN: But surely they would have had to use the TPS data?

Mr WOOD: Yes, they created test areas. For testing purposes and for testing the capability of IMPS, we had a snapshot of infringements that we copied and we were using that for testing the reports and things like that.

Ms GLADYS BEREJIKLIAN: Who was in charge of testing?

Mr WOOD: It was a combination of Excenture, who were providing—

Ms GLADYS BEREJIKLIAN: But who was the in-house person responsible for testing in terms of the IPB? Who was the person? From what I understand, testing should have been a central focus of this entire project, and I want to ask you who was in charge of the testing?

Mr WOOD: The testing was the responsibility of the IMPS project group and Excenture, but the IMPS steering committee, which had myself and the general manager of BTS and others on it, the advice we got was that the system is performing to the volumes indicated. Now, unfortunately those volumes, because of the large number of errors that those volumes were exceeded, the system, if it could not do the run overnight, did not issue any infringements. It did not say that it had done two-thirds so we will issue two-thirds; it just would not issue any.

Ms GLADYS BEREJIKLIAN: Presumably the consultants, whether it was Excenture or whoever it was, would have given you an entire testing program. Was their advice taken in total? Presumably there would have been a cost associated with that testing, so was that advice taken in total, or were decisions made about resourcing or otherwise when the testing advice was presented, presumably through a risk management strategy or some other form?

Mr WOOD: The advice that I recall was that the system was tested and was performing to the levels required. I am not aware of any other advice that may have been provided to say that more resources were required or that the system could not perform at the required level. That advice was never provided to me, if such advice was available.

Mr JOHN TURNER: The system ran for 17 days without an infringement being issued. Presumably there are hard copy infringements. How come for 17 days there was an empty tray and nobody went to the post office for 17 days to send the notices?

Mr WOOD: As I understand it, they are system generated and they just go out.

CHAIR: Are you talking about the handwritten fines?

Mr JOHN TURNER: I am talking about the fines generated by the bureau. I am talking about when I receive the piece of paper with the fine on it.

Mr WOOD: The handwritten ones, these are the ones like cameras and those where you do not get a ticket under your windscreen.

CHAIR: Who made the decision not to implement the hand-held devices module?

Mr WOOD: I do not know who made that decision. When I arrived, I was told there was no money for the hand-held module because it had been used to buy the computer.

CHAIR: Yes, there was no money; therefore, you decided obviously not to buy them. Were the relevant plans then adjusted for that change in business case?

Mr WOOD: There was no money, not so much to buy the hand-held devices but to do the system changes that were required to accommodate the hand-helds. So that was not my decision to make; that was the fact—that there was no money to make those changes. We continued to commence operations at Maitland, as was expected, with the 150 staff, and we talked to the staff.

CHAIR: What I keep having difficulty with is that along the way there were a number of changes made to the relevant plans. Some plans were even updated because of those changes, but the staff numbers were always the same. We heard evidence earlier this morning that staff and other people had concerns about those staffing numbers. There were fewer staff—anywhere between 90 fewer staff than there were at Parramatta, yet you are going to be doing potentially twice as much work in Maitland in an untried, untested computer system. Was it a significant decision not to implement the hand-held devices module as far as staffing was concerned?

Mr WOOD: Yes, it was a significant decision. I think in terms of the staff numbers, it needs to be put in context as well. There was certainly a very strong expectation that there would be only 150 people in Maitland.

CHAIR: That was all that the building was built for, so you would certainly hope that there would be no more than that.

Mr WOOD: Yes. At that time the NSW Police, like many other government agencies, was expected to make productivity savings. Our ability to provide more resources into Maitland in that context was not there.

Mr STEVE WHAN: You did not feel you were able to respond to changes?

Mr WOOD: We responded to changes as best we could within the resources that we had. That had to be our first call because the expectation was that we would be reducing our resources within the police, not increasing them. I used some of the excess IPB people who were at Parramatta to try to help Maitland, but the fact that there was some distance between those two locations meant that the amount of assistance they could provide was limited. We did whatever we possibly could within the resources that we have available.

CHAIR: I understand now in the bureau there are around 300 staff—twice the number initially implemented—and I understand they are doing shifts. Can you tell the Committee what hours those shifts are and whether there are extra shift penalties paid to those staff because of that?

Mr WOOD: I cannot answer that. IPB is now part of the Office of State Revenue. I do not know what the arrangements are.

Mr PAUL McLEAY: We heard earlier evidence that said there was always a fall back. If things did not work, there was always Parramatta to take the slack if things went wrong. In theory, I suppose that is true. From the go live at Maitland for the IPB, I think you said that Parramatta would stay online for 12 weeks.

Mr WOOD: To wind down. The TPS system had a 12-week cycle and then the matter would either be categorised as the fines having been paid, or it was going to court, or it has gone through the cycle and it is referred to the State Debt Recovery Office. Our wind-down was for all of those TPS matters to be dealt with by Parramatta and we would close down TPS at the appropriate time which, according to the cycle, was 12 weeks. Clearly we would not just turn off at 12 weeks and say, "Have we dealt with all these matters?" Events overtook that plan and we needed to abort that plan basically and deal with the situation that we had in front of us.

Mr PAUL McLEAY: When you say "abort that plan", did you simply wind up Parramatta overnight?

Mr WOOD: No. We had people at Parramatta trying to provide, and liaising with the Maitland people, assistance that they could. But there was no point having Parramatta people dealing with the matter on TPS while that same matter is still running live in IMPS. The way IMPS was set up was that you needed to be at Maitland, so I made sure that I went there regularly. I asked Mr Rae to go there one day every week just to talk to staff and make sure that there was no other system issues or if there were ones we could deal with quickly to make life easier and deal with the backlog. We talked to management about what assistance staff based at Parramatta might be able to provide. We talked about how we could better utilise the staff who are up there through overtime and the like, so we did not just turn Parramatta off and abandon Maitland. It was just that we had to change our plan; the original plan was no longer appropriate.

Mr PAUL McLEAY: How many people stayed at Parramatta, for how long, and was there work for them to do?

Mr WOOD: Yes. There were around about 90 displaced people in IPB. At the same time, if Maitland said that we need this level of assistance and it did not need 90 people, we had those people also helping the firearms registry, which is in Murwillumbah and which is starting to go through its five-year license renewal process. They were not just sitting there twiddling their thumbs. We had someone whose job it was to, on the one hand make sure that they had meaningful work, and on the other hand to try to put those displaced officers into other jobs. We achieved that over about a 12-months period.

CHAIR: You were saying that alterations were made to institute funding constraints. Did you ever approach Treasury and say, "We need more funds because we have made changes to our initial business case"?

Mr WOOD: No. The only major alteration that I pursued was the hand-held issue, and why we were not able to implement hand-helds. We were advised that there was just no money for that and we should implement the arrangements as best we could.

(The witness withdrew)

BARRY MAXWELL PHILLIPS, Manager, Road User Strategic Projects, Road Safety Liaison and Vehicle Management Directorate, Roads and Traffic Authority, 260 Elizabeth Street, Surry Hills, sworn and examined:

CHAIR: Have you received a copy of the Legislative Assembly's standing orders and the terms of reference of the Committee that relate to the examination of witnesses?

Mr PHILLIPS: Yes.

CHAIR: In what capacity do you appear before the Committee?

Mr PHILLIPS: My role with the Roads and Traffic Authority [RTA] is that I answer directly to the Director of Road Safety. Licensing and Vehicle Management "Clarification". My role with the RTA is that from about early 2001, with the RTA construction program for fixed digital cameras, I organised the internal arrangements for the RTA policy areas, information technology, and construction areas to ensure that we delivered our programs.

CHAIR: The Committee has received a submission from the Chief Executive Officer of the RTA, Paul Forward. Is it your desire that that submission form part of your evidence today?

Mr PHILLIPS: Yes. I co-ordinated that response for the RTA.

CHAIR: Do you wish to make an opening statement?

Mr PHILLIPS: No.

CHAIR: Would you provide an overview of the services that the Infringement Processing Bureau [IPB] has performed for the RTA from 2000 onwards?

Mr PHILLIPS: Yes. The IPB provides a number of services for the RTA. One is recordable traffic infringement data directly back to the drives system for the RTA. That information is provided daily, and on a needs basis it is provided on weekends. The information is very important from the RTA's perspective, because it allows the RTA to make decisions regarding demerit point processes and excessive speeding offences in relation to driver licensing. In addition, the IPB provides services regarding the fixed digital speed camera program, that is the significant road safety program and a significant effort. Also, in addition to enforcement tolling issues and vehicle regulation infringements that are issued by our inspectorial staff, they include matters relating to unregistered and uninsured motor vehicles, defective vehicles, access to the driving network by B-double operations, unlicensed driving, and driving hour offences.

CHAIR: What is the number of infringements that the IPB has processed on behalf of the RTA? Could you outline the significance of any increase, if any? What are the actual figures on amounts?

Mr PHILLIPS: I will break that into two areas and talk about the fixed digital speed camera program, which is a significant area, and then some of the others. Infringements in the speed camera program for 2001-01 were 380,560 with a value of \$47,632,853; in 2001-02 there were 385,974 infringements with a value of \$49,241,419; in 2002-03 there were 402,159 infringements with a value of \$53,933,314; in 2003-04 to 7 May there were 385,676 infringements with a value of \$53,086,872. Add to that I have specifically syphoned off a particular area. In the same period there were more than 120,000 infringements with a value of \$16,145,939 in relation to the school camera program. I have highlighted that because it needs to be discussed.

CHAIR: Could you provide a copy of the document from which you have read the figures?

Mr PHILLIPS: I will provide a copy of those tables. In other areas of importance, in the vehicle regulation area from July 2001 to March 2004 there were 39,089 infringements representing an average of 1,063 infringements per month. The significance is that that was up from 845.

CHAIR: Were those defect notices?

Mr PHILLIPS: Defective notices, driving hour offences.

Mr PAUL McLEAY: Is that the safety zones?

Mr PHILLIPS: General infringements regarding access to the road network from our inspectorial staff.

Mr PAUL McLEAY: Generally heavy vehicles.

Mr STEVE WHAN: Weights, and that sort of thing?

Mr PHILLIPS: Yes. Weight infringements from July 2002 to March 2004 were a further 4,766 infringements. That represents an average of 226 weight breaches per month, with a value of \$2,563,788. With the vehicle regulation area there has been a gradual increase in the monthly figures, because of additional RTA enforcement activities.

CHAIR: Since 2000 the amount of fines have been fairly consistent, from the high 300,000s to low 400,000s?

Mr PHILLIPS: There were. In the early part, 2000-01, there were 380,000. In the following year there was an increase of about 5,000; in 2001-02 there was an increase of about 16,000; in 2003-04 there was a significant increase, because of other programs coming into play.

Mr PAUL McLEAY: The business plan was originally written in 1999. What was the jump from 1999 to 2000?

Mr PHILLIPS: In the early days, it is my understanding that the original figures would have been estimates, because the program was brand new. So they would have been best estimates at the time. Following that, in the 2000-01 and onwards, estimations were made based on actual infringement notices to try to estimate further projections. They would have been low in the early times, and things have increased.

CHAIR: The dollar value seems to have increased at a higher rate than the number of fines. Is that correct?

Mr PHILLIPS: The dollar value?

CHAIR: For your first figure of 380,000 infringements, the dollar value was significantly less.

Mr PHILLIPS: Yes, 47 to 53 million. We need to take into account that there are now 110 locations with 111 cameras. There has been a gradual ranking up of the number of cameras over time. In the early times, there were far fewer cameras in operation. I can provide the Committee with a breakdown of when the cameras came on stream.

Mr RICHARD TORBAY: How predictable is the growth? You gave the earlier estimates, but were they continually refined so that the business plan was working and actually meant something in terms of volume?

Mr PHILLIPS: The volumes were refined in the early days. If I can just jump ahead, the difficulty with projections is that sometimes the normal assumption, made in conjunction with the Infringement Processing Bureau when a camera is installed, is that publicity is also provided about that site. You put up three signs that clearly warn motorists approaching the site that there is a speed camera there. You allow for early infringement rates to go up as people become accustomed to infringements and to the cameras being there. The driver behaviour then modifies. That tends to be the case. More recently when the school camera program was fully introduced from July 2003, notwithstanding that the RTA issued more than 7,000 warning letters to the general public before the

cameras went into operation, the number of infringements rose. To date we have not seen the decline that was expected. There has been an influx of work to the IPB in that regard.

Ms GLADYS BEREJIKLIAN: Was the RTA consulted when the business case was developed about the move and transfer of volumes, the projections? Was anyone in the RTA asked to sign off to say "Based on what we have, and based on our research, we think these projections are a valid assumption"?

Mr PHILLIPS: I do not think that happened as formally as your question suggests. With the fixed digital speed camera program, there were regular meetings between the IPB and RTA representatives on the policy, the business plan and the IT side. There was a regular program of meetings, at which time volumes were discussed.

CHAIR: The Committee is well aware of agencies meeting together. We want to see agencies come together with some concrete agreement on which they can sign off, to make their meetings more accountable and meaningful. Do you have any evidence of formal sign-off period or agreement with the service provider, considering that you are the major client of that service provider?

Mr PHILLIPS: Not that I am aware of, but there may well be a document available with the IT area that the information technology officer signed off on the specifications between our operations and IPB in terms of how the camera data was to be provided to the IPB.

Mr STEVE WHAN: Do you think that the IPB would have been surprised at the level of increase in the business coming from your organisation? Is there anything that they could not have predicted?

Mr PHILLIPS: I can answer that in two areas. In the early part, our estimates were fairly well in sync about the number of cameras. We are in sync about the estimations of what might come out of that. Where it does spike, and where it was unpredictable, was the IPB situation from 2003 when the school zones came on. Since then, in December 2003, the RTA has also converted 15 directional camera sites for bi-directional use. The work from those cameras would not have been fully factored in, because with the school zone cameras we expected a decline in infringements. That has not eventuated. The assumptions that both organisations would have worked upon would have been infringements and their declining, and certainly that has not happened with the school zones.

CHAIR: Earlier today the Committee heard evidence that the RTA informed the IPB that it was doing a trial with speed cameras. Through the night the RTA put up cameras without properly informing the IPB. Do you agree with that evidence?

Mr PHILLIPS: My understanding from the RTA point of view is that in the early stages there was communication at officer level regarding when sites would come on, and then estimated projections on what sorts of infringements would come from that. I suggest that could be done by emails, meetings, phone calls, and that sort of thing. I am sure there were some discussions at the time.

Mr PAUL McLEAY: Did the IPB at any stage tell the Roads and Traffic Authority it was having any problems in dealing with its own workloads? Whether the IPB did or did not do that, did you know about it? Obviously, it was your customers who would be getting late notices. Secondly, were any of your program timetable roll-outs done in sympathy with that? That is, did you know there were problems and therefore held back a program, or did you just not care and plough ahead with your fixed speed cameras even though you knew there were problems?

Mr PHILLIPS: In the first instance, from the meetings that we had regarding construction of the central controller system that the Roads and Traffic Authority was developing, and in regard to the interface between the two organisations, there were some general discussions prior to the move from Parramatta about the fact that there was a backlog. We did not go into the detail or extent of that, but we understood that the IPB was committed to a relocation program, which would attract resources; that they were also committed to developing a new system, again which would attract resources; and, at the same time, there were some difficulties in attracting staff because of that pending move. So we were aware of that. I am not aware that we had to actually pull back any programs because of that.

Certainly, once the move in Maitland eventuated, we understood that there were some other problems that had arisen. The expectation with a new computer system is that there will be some problems associated with response times.

CHAIR: Did you request the IPB to hold back on implementing any of your programs because of these problems that IPB was facing?

Mr PHILLIPS: I am not aware of any requests that came to hold back because of a particular problem. We were aware of and sympathetic to those issues.

Mr PAUL McLEAY: You say you were sympathetic. Did you modify any of your programs or hold off implementing any?

Mr PHILLIPS: No. The programs were rolled out in conjunction with advice between the two agencies, and we continued to work together very closely on what we needed to do. But it is my recollection that we were not requested, nor did we put forward that we needed to, to hold back on any of these programs. My understanding at one time was that the system being developed was scalable and could handle any new business. But I am not familiar with the extent of the growth of the business of IPB generally. I am talking from a Roads and Traffic Authority perspective, but their business is broader than that, and there may well have been other growth areas.

Mr PAUL McLEAY: That may well have been one of the issues. Did the Roads and Traffic Authority rely on the fact that IPB said, "We can take any work you give us"? Or did the Roads and Traffic Authority generate its own work and then just give it to the IPB? Or did you say to the IPB, "These are our plans for the next twelve months. Can you cope?"

Mr PHILLIPS: Certainly, from time to time there were discussions on what future arrangements might be in the pipeline. For example, in more recent times there have been meetings between myself and IPB staff—and I think a formal letter between the organisations—where the RTA has flagged that there is potential for the RTA to become involved in point-to-point cameras, in car-mounted cameras, and those types of things for heavy vehicle operations. There has also been a proposal around for some time whereby New South Wales Police were looking for the RTA to take over the red light camera program. So the organisations are aware of that. Once the business becomes a bit firmer, we can then get down to talking about what that means to the organisations and the impacts on their resources and so forth.

Ms GLADYS BEREJIKLIAN: I wanted some clarification in relation to the submission that the Committee received from Mr Paul Forward, the Chief Executive of the Roads and Traffic Authority. In Mr Forward's submission he said "the move from SEINS to IMPS was a success by providing positive outcomes of a refined application and better network protocols and security." I find that statement astounding, given what the Committee has been looking at. Surely, Mr Forward is not referring to the teething problems that the organisation went through in developing IMPS. Is there any light you can shed on that statement?

Mr PHILLIPS: No. The only thing I could add from our DRIVES people's point of view is that, on the work that was undertaken with the IPB on that, the IPB people were happy with the project methodologies used, the way the arrangements were conducted, and the way the interfaces came out at the end. My understanding is that there was a post-implementation review and that IPB were happy with the way the systems married up.

Ms GLADYS BEREJIKLIAN: My second question relates to operational matters, which again Mr Forward wrote to us about. He admits in his correspondence that people are still receiving infringement notices up to two months after the offence, and that compounding that issue is that people might have committed multiple speeding offences over a long period of time and then suddenly received a whole batch of infringement notices at the one time. This is notwithstanding his comments about the success of the new system. I can attest, as a State member of Parliament, that I have received numerous pieces of correspondence in the past few months from people complaining about the time lag in receiving infringement notices. Could you offer any comments on that statement and what the RTA is doing about that?

Mr PHILLIPS: I understand that Mr Forward is indicating there that on one level they are talking about the interface itself, the connections between the systems, and that being a successful operation, as opposed to the actual processing of the images themselves, where there has been a backlog in the images and the issuing of infringements has been delayed, probably compounded by other problems, such as an increase in work, and things like that. I was drawing the distinction that one is the computer interfaces that have been put together, and they have been successful, as opposed to the backlog of infringements to be issued.

Mr STEVE WHAN: Is that length of time of 45 days to two months still current?

Mr PHILLIPS: I have no recent information on that.

Mr STEVE WHAN: What would be the RTA's view of the time it would like between the infringement occurring and the issuing of the notice?

Mr PHILLIPS: From the IPB's point of view, but certainly from the RTA's point of view, our ultimate aim would be to have the infringements out as quickly as possible. The point is that the fixed digital speed camera program is a road safety initiative, and the idea is to get the infringements as quickly as possible to the drivers to try to modify their behaviour as soon as possible.

Mr STEVE WHAN: Would that be within seven days, fourteen days?

Mr PHILLIPS: That would be a very good target.

Mr STEVE WHAN: Fourteen days?

Mr PHILLIPS: Seven to fourteen. Seven to eight days would be very good.

Mr PAUL McLEAY: Mr Forward does not actually use the word "unacceptable", but he does use the terms "critical", "compounding the issue" and "unfortunately". What is happening to get the notices out quicker than they have been getting out? For example, are the cameras only digital now? Has that slowed the process down, or has it made it faster?

Mr PHILLIPS: There are a couple of aspects. I might table some maps for the Committee to have a look at so members will get an understanding. The cameras are placed all round the State. Originally, an operator had to go to the site, get the worm disc and then hand deliver it to the IPB, whether at Parramatta or when it moved to Maitland. So, from the RTA's point of view, to assist that process was to develop the idea was to have a central controller and eventually have all those cameras connected to the controller, which would draw down the information and then pass it over to the IPB. That would then speed up the process.

CHAIR: Do you now manually have to go and get a disc out of the camera?

Mr PHILLIPS: No. We have worked very closely with the IPB on this, and the organisation trialled, I think around August last year, the first of the connections. I believe at this time all worm discs are now loaded into the service at the RTA at Blacktown. I believe 50 or just over 50 cameras automatically are downloaded and the information passed over. The rest of the information is fed in at Blacktown and passed over manually. But it is the intention that the remaining camera vendors will be all be connected, and that process then would be seamless.

Mr PAUL McLEAY: Is that instantaneous, say Mr Turner were to speed and be caught on camera?

Mr PHILLIPS: We are talking near real time from the cameras. That in itself puts pressures on the IPB with regard to information.

Ms GLADYS BEREJIKLIAN: I would like some clarification, and my apologies if the answer is very obvious. What is the relationship between TPS, which was the old traffic penalty system, and SEINS, which is the self-enforcing infringement notice system? Are they one and the same, or are they two different things?

Mr PHILLIPS: My understanding is that they would be two different things. But it might be better to have the IPB explain. I am not that close to the system side of things, I am sorry.

Ms GLADYS BEREJIKLIAN: Can you explain, given it was Mr Forward's letter, what SEINS does, or what the system is? It says in the submission that the SEINS is the self-enforcing infringement notice system.

Mr PHILLIPS: I am not that familiar with it, I am sorry. I would be happy to seek clarification of that for you.

Ms GLADYS BEREJIKLIAN: Thank you.

CHAIR: If there are no further questions, thank you so much, Mr Phillips, for your evidence.

(The witness withdrew)

COLIN MARCUS CAMPBELL, Principal Adviser, Property, New South Wales Treasury, Level 26, Governor Macquarie Tower, 1 Farrer Place, Sydney, and

SUSAN MARY POWER, Director, Property and Venues, New South Wales Treasury, Level 26, Governor Macquarie Tower, 1 Farrer Place, Sydney, affirmed and examined:

DEPUTY-CHAIR: Thank you for appearing before the Committee today. I am advised that you have been issued with a copy of the Committee's terms of reference and also a copy of Legislative Assembly Standing Orders Nos 332, 333, and 334, which relate to the examination of witnesses. Is that correct?

Mr CAMPBELL: Yes.

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

Mr CAMPBELL: I am appearing as Principal Adviser, Property, New South Wales Treasury.

Ms POWER: I am appearing in a professional capacity.

DEPUTY-CHAIR: Did you receive a summons to attend before the Committee today?

Ms POWER: We received a letter.

DEPUTY-CHAIR: The Committee has received a submission from your organisation. Is it your desire to include that submission as part of your formal evidence today?

Mr CAMPBELL: Yes.

DEPUTY-CHAIR: Would either of you care to make an opening statement?

Mr CAMPBELL: No.

Ms POWER: No.

DEPUTY-CHAIR: Could either of you describe Treasury's role with regard to agency relocations?

Mr CAMPBELL: Treasury's role is to set policy in relation to office accommodation. Treasury also plays a role in assessing projects on an economic and financial basis.

DEPUTY-CHAIR: What is that role?

Mr CAMPBELL: We review project feasibility plans and check that the financials have been put together correctly and that it is the preferable or best option to achieve the desired outcomes.

DEPUTY-CHAIR: Do you work with agencies as a project manager?

Ms POWER: No, it is more of a monitoring role. Once the agency is given the go ahead to proceed, because the project has passed whatever benchmarks we have for it, Treasury's analyst then liaises with the agency on a regular basis to ensure that whatever is happening is within time and on budget and to establish whether any other issues need addressing from a central government point of view.

DEPUTY-CHAIR: If the flags do go up, what is Treasury's role?

Ms POWER: To advise whenever we need to advise, whether it be the Treasurer or whether we talk with the agency. It depends on whether or not it has a financial or a timing impact, or

whatever. So we have established processes for capital or recurrent projects. As a principle, if agencies need help we right size them or we fix things up if there is any sort of problem.

DEPUTY-CHAIR: If they do not agree with you, do have any form of control over them?

Ms POWER: If additional funding is involved the Treasurer's approval is always required or, under delegated authority, the approval of Treasury officers. If we do not agree we always try to come to a negotiated outcome. But if financing is involved, the Treasurer's will eventually prevail.

Ms GLADYS BEREJIKLIAN: I ask a generic question. What level of sign-off would a project worth \$10 million require under Treasury's guidelines? If somebody was undertaking a project that had a budget of about \$10 million, what level of sign-off would be required within Treasury?

Ms POWER: Definitely the Treasurer's. If it went through the budget process it would be a budget committee of cabinet.

DEPUTY-CHAIR: If that is the case, I understand that the policy area of New South Wales Treasury was not involved in the relocation of the Infringement Processing Bureau [IPB]?

Mr CAMPBELL: The property policy area or accommodation policy area moved into Treasury only in June last year. Previously it was located within the Department of Public Works and Services.

Mr MAGUIRE: Earlier you said that you had encountered a major problem with agencies complying with these processes. Presumably you were referring to communication. In your submission you state:

The key issue is not problems with the existing requirements but ensuring that agencies comply with the requirements.

Mr CAMPBELL: I would not say that there was a big problem with non-compliance. The policies are there to ensure that agencies comply. Every now and then you might get an agency that is not aware of the requirements. But it is fairly rare. We are usually onto them fairly quickly and we bring them back in line.

Mr MAGUIRE: So it is a minor communication issue?

Mr CAMPBELL: Yes. When there is a turnover of personnel in agencies they might not be aware of the policies. So it is a matter of regularly making them aware of those policies.

DEPUTY-CHAIR: What kinds of issues are they not complying with? Might it be the standard square metres required for each person?

Mr CAMPBELL: It relates mainly to the sign-off processes—getting facility plans checked, or getting approvals before going into the market to ensure that there is not existing vacant space in which to put them. It is fairly rare. It might happen once or twice a year.

Ms GLADYS BEREJIKLIAN: I refer specifically to the \$32 million in fines that became statute barred. When was Treasury informed of that? Can Treasury now give us a breakdown of where that amount came from?

Ms POWER: We are here on office accommodation issues. We cannot make any comment about that at all. You would have to call someone else from Treasury to provide advice on that issue.

DEPUTY-CHAIR: Do you know whether the current IPB move is guideline compliant?

Mr CAMPBELL: The move that is occurring now would have to go through those processes. Essentially, it is office-type accommodation.

DEPUTY-CHAIR: What would be the major breaches of policy?

Ms POWER: We did not identify any.

Mr CAMPBELL: Referring to office accommodation, I was not involved in the project at the time. The other processes were followed so I am sure that a facility plan would have been done. I have not known a police project not to include a facility plan. The issue was an information technology issue; it was not an accommodation issue. I do not think it would have prevented the problem from occurring.

Mr JOHN TURNER: Are you saying that all this happened prior to your time?

Mr CAMPBELL: Prior us to us being in Treasury, yes. At the time I was with the Department of Public Works and Services, which was not involved in the project.

CHAIR: Do you know whether it was involved, to a degree, in formulating a plan?

Mr CAMPBELL: I am not aware. My only advice is that it did not project manage the project.

CHAIR: We received advice that it was engaged as a consultant.

Mr STEVE WHAN: Not for the property part.

CHAIR: It was involved in the implementation.

Ms POWER: It might have been the project management part.

Mr CAMPBELL: Was it an information technology issue?

CHAIR: That would have been one aspect of it. It was a business case, looking at the implementation of a new computer system and relocation of office facilities. It has been suggested that future relocations could be improved if a quality assurance manager was appointed and that that was made mandatory for relocations above a certain threshold. Of course, that manager would report to the steering committee on progress. For large and sensitive projects a quality manager would be appointed by the central agency. Does Treasury have a view on that?

Mr CAMPBELL: It is not a mandatory role. I have never been involved in a relocation project that did not have a quality plan and a quality manager as part of the project team. In this case I cannot be sure whether the police had that. It is normal practice in the project management of relocation projects to have in place a quality system.

Ms POWER: There is a requirement in a business case for risk assessment and management strategy. Treasury would certainly be looking at that as a standard requirement of any business case for any project.

CHAIR: These would not be new policies of Treasury?

Ms POWER: Absolutely not.

CHAIR: We have just had a move that cost many millions of dollars. Are you suggesting that Treasury was not aware of these issues?

Ms POWER: No, I was not suggesting that. I was saying that when any capital project comes to Treasury a standard inclusion in the business case would be a risk management and risk assessment plan.

CHAIR: But would those plans involve Treasury ticking a box?

Ms POWER: We would assess the plan as part of our approval process.

Mr PAUL McLEAY: Has Treasury only just insisted on that?

Ms POWER: No, it has been a standard requirement for many years as part of the business case. If you look at the Premier's guidelines on business case development you will see it that it is quite clear about the types of things that need to be included in a risk assessment plan.

Ms GLADYS BEREJIKLIAN: So from a public policy perspective, if an agency or department came to you and wanted to construct a building from scratch—as was the case in this instance—is Treasury's preferred model collocation of government services? What is your public position in relation to self-contained buildings such as this one?

Mr CAMPBELL: The preferred policy is collocation where it meets the service delivery needs of agencies. In some cases for particular facilities you cannot really have collocation—for security reasons or incompatible uses, if you like. But there is a preference for collocation to minimise costs and to give agencies the opportunity to share services.

Ms POWER: And it gives agencies flexibility.

Mr CAMPBELL: It is a matter of aligning the needs and the cost implications at the same time.

Ms GLADYS BEREJIKLIAN: In relation to the proposal in this instance, did Treasury forward any comments about the proposal? Were those comments adopted within the final business case?

Ms POWER: I do not know.

Ms GLADYS BEREJIKLIAN: Who would know?

Ms POWER: The analyst for the police.

CHAIR: We hope that Treasury was provided with a business case that stated, "We, as an agency, will build a brand new building in Maitland that will house 150 people." Treasury, with due diligence, might state, "Are you sure you only need it for 150? Can we collocate other agencies in that building?" We would like to see what role Treasury played in that area. Would you take that question on notice?

Ms POWER: As a business rule we would have, but I cannot be certain of that.

Mr PAUL McLEAY: Once you ask them to work to your guidelines, how much compliance does Treasury actively pursue? Do you check that they are following your guidelines? Are there penalties if they do not? You said that they do not get more money without following the guidelines but what if they do not need more money?

Ms POWER: My first response is given that rent is normally paid on a square metreage if they have underestimated their requirements there will be a financial impact, so that would need to be sorted out.

Mr PAUL McLEAY: This is a reversal with 300 people jammed into a building that is supposed to house 150 people.

Ms POWER: They are maximising the usage of the building. As I said to you, probably the answer to the first question the Treasury analyst who is responsible for the police portfolio should be reviewing and monitoring the progress of the development and make sure that the building that is being built aligns with the strategic requirements of the agency.

CHAIR: The committee has heard evidence today that one of the key aspects in the business plan was the purchase of hand-held devices so that data can be entered into the devices for, say, parking offences, and would be automatically downloaded in the processing bureau and a fine sent out. Due to a number of reasons, including financial, the bureau did not purchase the devices which then put its business plan out of whack. Instead of having automatic devices it now has to issue

tickets, often with errors, going through a system. Was Treasury asked if further moneys could be made available to the IPB in order implement its plan? That was a significant departure from its business case?

Ms POWER: I will take that question on notice. We are here as property policy experts and not police or program experts.

Ms GLADYS BEREJIKLIAN: In relation to the commercial viability of the Maitland site, for example, if, for whatever reason, the Infringement Processing Bureau were relocated elsewhere, what would be status of the building? How viable would it be to locate other services in that building? From a property perspective what is the value—I am not asking for a monetary value—of the current building, given it was built for half the number of staff that are using it?

Mr CAMPBELL: I am not aware of the specific design of the building. My understanding is that it would be a standard office. If it were to move out it would be a matter of filling it with someone else—government or private sector—and I do not know if the market is that buoyant in Maitland or if there is that much demand.

CHAIR: Do you think that the review of agency facility plans by the Department of Commerce gives agencies added incentives to comply with central agency requirements for relocation or is it more of a stick than a carrot?

Mr CAMPBELL: It assists the agencies.

CHAIR: What are their incentives?

Mr CAMPBELL: It makes sure they go through the process and there is the opportunity for the people in Commerce who probably have a lot wider experience and look at these projects more often than the people in the agencies so they can give them feedback, add some value to the process and make suggestions that might improve the overall planning.

CHAIR: Do you suggest there is merit for the Department of Commerce to play a similar role for operational accommodation facility plans?

Mr CAMPBELL: I do not think they would get as much value from that. Whereas office accommodation is fairly generic and there is that central expertise, they probably would not have the resources or the expertise. Agencies would probably be best suited to work out the specialist accommodation.

CHAIR: The agency may have thought that in this particular case.

Ms POWER: The resourcing would be quite intensive as well if you think of every police building potentially, every school and every hospital. I think the costs and benefits probably would not stack up.

Mr PAUL McLEAY: How can you determine what is effectively a call centre operational?

Mr CAMPBELL: In the past it was determined by use rather than building type, and it is not that way any more. So call centres are covered by the guidelines, even an operational police station, to a certain extent, that is in an office building will be covered by some of the guidelines.

Mr PAUL McLEAY: This should have been covered by your guidelines—

Mr CAMPBELL: It would be now, but it was not. It should have been, yes.

Mr PAUL McLEAY: In the past this was a police station?

Mr CAMPBELL: It was not classified as a police station but it was classified as operational.

Ms POWER: Because of the fit-out it gives it a generic office nature.

Ms GLADYS BEREJIKLIAN: Would you take on notice, as per the business case what was the projected cost of the building construction? What was the actual cost of the building construction, including fit-out?

Ms POWER: Just as a general guide, it is about \$1,000 per square metre for both construction and fit-out. But, yes, we will come back to you with a solid answer.

Mr CAMPBELL: Construction would be more.

CHAIR: Your submission refers to the recently formed private projects and asset management directorate of Treasury, and how it assesses major projects and monitors their objective implementation. Would you provide the committee with details of the processes that the directorate link in relocations? If the IPB relocation were to occur, will the directorate be involved?

Ms POWER: There are three parts to that directorate: the private projects area that does the hospitals, Macquarie Bank and the like; a procurement area that heavily concentrates on total asset management guidelines, and part of that is doing office accommodation plans; and my branch which effectively provides policy and, I guess, consultancy advice to resource allocation analysts. If we were asked to provide advice we would.

CHAIR: You only get involved, if asked?

Ms POWER: Yes, if asked.

Mr PAUL McLEAY: Is that for all generic accommodation?

Ms POWER: Yes.

(The witnesses withdrew)

(The Committee adjourned at 12.37 p.m.)