REPORT OF PROCEEDINGS BEFORE

PUBLIC ACCOUNTS COMMITTEE

FOLLOW UP OF THE AUDITOR-GENERAL'S PERFORMANCE AUDITS OCTOBER 2011—-MARCH 2012

At Sydney on Friday 21 June 2013

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The Committee met at 9.30 a.m.

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PRESENT

Mr J. R. O'Dea (Chair)

Dr G. Lee (Deputy Chair)
Mr B. E. Bassett
Mr M. J. Daley
Mr G. M. Piper

PETER CHARLES ACHTERSTRAAT, Auditor-General, NSW Audit Office, 1 Margaret Street, Sydney,

ROBERT CAMERON MATHIE, Assistant Auditor-General, NSW Audit Office, 1 Margaret Street, Sydney, and

GRAHAM JENKINS, State Manager, HealthShare NSW, Pacific Highway, Chatswood, sworn and examined:

ALAN BERENDSEN, Associate Director, Workplace Relations and Management, NSW Health, 73 Miller Street, North Sydney, affirmed and examined:

CHAIR: Thank you for attending this hearing of the Public Accounts Committee. The Committee is holding a hearing this morning in relation to its current round of performance audit follow-ups following the Auditor-General's performance audits reports from October 2011 to March 2012. In particular this morning the Committee is examining two performance audit reports. They are report No. 217, Improving Road Safety: Young Drivers, and report No. 219, Visiting Medical Officers and Staff Specialists, which is the one we will lead off with today.

For the benefit of those in the gallery, whom we also welcome, I note that the Committee has resolved to authorise the media to broadcast sound and video excerpts of its public proceedings. Copies of guidelines covering such matters or governing the coverage of proceedings are available on request. I formally open the hearing.

Mr Achterstraat, would you like to make an opening statement or make any observations in the context, particularly, of the first report that we are inquiring about?

Mr ACHTERSTRAAT: Just a couple of general comments. First of all, I would like to thank the Ministry for Health for its cooperation throughout the audit and also the follow-up. I take it that the recommendations and findings are read but if I can just give a brief narrative of the differences where we are at this stage. Medical services are provided by visiting medical officers who come in often on casework or for a sessional period, an eight-hour session, et cetera. They are also provided by the staff specialists who are employees, as it were, of the Government.

When we did the audit in relation to medical officers, our issue was what sort of system and control was around this. They do an excellent job looking after patients but what are the controls? How do we know that mistakes are not put in by visiting medical officers when they table their bills? How do we know if a hand is being crushed if instead of putting in an invoice for the hand they might put in five bills for five fingers, which adds up to a lot more? How robust is that system?

We were also concerned when we did the audit how robust is it if a visiting medical officer says I am going to be eight hours in emergency or wherever, what are the checks and balances to make sure the person was there and that when they were there they were doing high priority work? Also, in relation to visiting medical officers we wanted to make sure that bills were put in in a timely manner, invoices. We had situations where some visiting medical officers were not putting in bills for quite a few months, over a year, and then a big lump sum invoice comes to the ministry. We just wanted to go through those things. Much of the solution is based around the systems, the Vmoney, et cetera.

In relation to staff specialists our issue there was to a certain extent similar. They are generally full-time employees of the ministry. They are entitled under their award to certain training, also research and things like that, and also visiting medical officers and staff specialists are entitled in some situations to see private patients. We wanted to make sure that the checks and balances and controls were around there. In a collegiate situation sometimes a small number of staff specialists may have to do more and others might be doing less. We just wanted to make sure that the work was spread and there were systems in place.

The ministry has responded to our findings. It initially accepted all our recommendations. It has made a lot of progress. The two areas we focused on are that committees have been set up and Vmoney is moving along, when will we see what is happening and how are the negotiations with the Australian Salaried Medical Officers Federation going, things like that. They were the issues.

CHAIR: We will pick up those issues and certainly at the end we will invite you to identify any outstanding issues or queries you think might be useful for the Committee to consider. I ask all parties to direct their comments through the chair rather than to each other. Would either Mr Berendsen or Mr Jenkins like to make an opening statement?

Mr BERENDSEN: I briefly make the point, to repeat what was said, the recommendations were all accepted. I should perhaps just explain that the management of the medical staff, which is what this report is concerned with, is the responsibility of the local health district under the structure that exists in NSW Health. The role of the ministry, where I am from, is to try to put in place the procedures and the framework that facilitate cost-effective management of medical staff but how it operates in practice is the responsibility of the local health districts. I thought it would be of assistance to the Committee if I made that situation clear from the start. Otherwise I have no particular statement I wish to make.

CHAIR: I understand that position. Despite the fact I am a member of the Government, NSW Health ultimately is responsible for the questions we will ask in this environment. If you need to liaise with district health organisations to answer those, that is fine, if you cannot answer today. Ultimately we would expect that any questions we asked today, you are responsible for providing those answers, albeit maybe having to liaise with some of your colleagues within NSW Health or the independent but nonetheless accountable district organisations. If there are any issues you need to refer elsewhere, indicate you need to take them on notice and we will make arrangements for that. In response to the Auditor-General's recommendations you indicate that the development of the Vmoney web application addresses many of the recommendations. You state that the statewide rollout of the Vmoney application is planned to commence from 1 July this year. Could you update the Committee on how that rollout is progressing please?

Mr JENKINS: We undertook a pilot of the system in late 2012 and since that time we have been making refinements to the system. It was intended to go live with the system from July 2013 but some of the development has taken a little longer and it is planned that the go live will be from August 2013. We will start with the rollout with Western New South Wales Local Health District and progress from there with Northern Sydney and Central Coast local health districts.

CHAIR: That is the end of August, the beginning of August?

Mr JENKINS: The start of August.

CHAIR: You are confident that a full rollout will be in place by what time?

Mr JENKINS: Our estimate of time to have the full rollout completed is by June 2014.

CHAIR: On that point, can I ask the Auditor-general whether you are satisfied with that?

Mr ACHTERSTRAAT: Yes. All information technology-type projects, for various reasons—spec changes et cetera—a one-month delay is unfortunate, but not uncommon, often for situations outside the control of the ministry. I would encourage the ministry, though, on 13 June 2014 to have a nice statement for the Public Accounts Committee to show the successes that have been achieved. Vmoney is the central plank of a lot of it.

CHAIR: Recommendation 1 of the Auditor-General's report recommends that to address errors found in payments to visiting medical officers, improvements to Vmoney should be made to eliminate the manual data entry and improve access by hospital staff to visiting medical officer payment management reports. I have a few questions on that. Firstly, has the Vmoney application been improved to address those particular suggestions?

Mr JENKINS: Yes.

CHAIR: Were they part of the application during the pilot program?

Mr JENKINS: We tested the pilot with those improvements in the system, yes.

CHAIR: What, if any, evaluation was done of that pilot program?

Mr JENKINS: I cannot answer that question at this time. I can come back to you on that.

CHAIR: You will take that question on notice?

Mr JENKINS: Yes.

CHAIR: You have also indicated that a statewide steering committee is in the process of finalising statewide guidelines for verifying visiting medical officer claims. Have you any indication as to when the guidelines will be finalised?

Mr BERENDSEN: I cannot give a time at this stage. It is still in the process of occurring.

CHAIR: Would you like to take that question on notice?

Mr BERENDSEN: I will take that on question on notice.

CHAIR: I take it that staff will be provided with training and instruction to assist them in adhering to the guidelines when they are in place. Can you indicate how that might occur? Would you like to take that question on notice also?

Mr BERENDSEN: There is some complexity in the actual audit function where people can review claims. You also need the sort of technical, clinical expertise that is involved. One of the difficulties in the face of this is that there are varying roles that people with varying skill sets need to play. Bringing it altogether has proved something of a challenge. In a sense we have been feeling our way in how to achieve that. But we can seek to provide what further information we can.

CHAIR: From my own experience it is important to have a plan to ensure that everyone understands the guidelines and that there is appropriate training in them. The Committee would appreciate it if there is a further level of assurance that you can give the Committee in answering that question.

Mr JENKINS: Mr Char, if I could add to that?

CHAIR: Yes.

Mr JENKINS: The system has been built with business rules to help with that complexity. There are lots of business rules within the web claim front-end of the system as it goes through the process and there is an automated approval process within the system.

CHAIR: That is indicative of a reasonably controlled environment but, nonetheless, there is still the need to make sure that people understand how the system works.

Mr JENKINS: Sure.

Dr GEOFF LEE: In response to recommendation No. 3 you specify that the scope to review the visiting medical officer payment data to identify broad trends in service delivery will be implemented through clinical audits as part of the claims optimisation project. Have there been any clinical audits completed to date? If there have not been any, are there any planned?

Mr BERENDSEN: Not arising from this particular context. At the moment we are trying to develop in respect of claims by "fee for service" visiting medical officers certain areas where we think scrutiny would be useful. We have identified some MBS item numbers with the view that as VMoney becomes fully operational we have some particular areas where we would be able to focus attention to review billing practices at a basic level at the proportion of items which are described as a simple version of a procedure, as distinct from the proportion of claims where the claim is for a complex procedure. Then you can look and see if 80 per cent are straightforward and 20 per cent complex or, if there are differences, how have those differences come about? That is the sort of approach we have taken and we have identified some sort of suitable item numbers where it is considered reviewable scrutiny would be useful.

Dr GEOFF LEE: Is there any timeline for that scrutiny?

Mr BERENDSEN: We are waiting to get the VMoney system up and running before we can fully implement those sorts of analyses.

Dr GEOFF LEE: So you are planning to do it?

Mr BERENDSEN: Yes.

Mr MICHAEL DALEY: I am a little confused. The response from Health to recommendation No. 3 was that part of the implementation plan would be done through clinical audits. Correct me if I am wrong, in the initial part of your answer you said they have not done any clinical audits.

Mr BERENDSEN: No, clinical audits are happening but we have tried to set up a new management steering committee to review this as part of the response to this and as part of the implementation of VMoney. Using the new data that is available to us we are trying to develop ahead of time certain areas where audits could be usefully carried out. At the local level there will always be to a varying degree—and there is now—consideration of claims and some degree of scrutiny. But we are trying to use the new capabilities that VMoney produces on a system-wide basis as part of what the ministry can do to provide some guidance and assistance to districts.

Mr MICHAEL DALEY: I am not sure if that means you are complying with what you said you were doing in relation to recommendation No. 3 or not.

Mr BERENDSEN: We are certainly attempting to comply with the recommendation and this is how we are trying to set about doing it.

Mr MICHAEL DALEY: Mr Achterstraat, can you translate what just said for the Committee?

Mr ACHTERSTRAAT: When it comes to trend analysis etcetera the reason an audit office is keen on that is because you can see anomalies without necessarily trying to select particular cases. So if all of a sudden the invoicing for a particular type of procedure shoots up you can ask questions.

Mr MICHAEL DALEY: Do you mean of the clinicians?

Mr ACHTERSTRAAT: Yes.

Mr MICHAEL DALEY: That is what I am trying to get at. Mr Berendsen, have the clinicians been asked about these things or not? The answer given was a technical response but in lay terms I am still trying to get to the point of whether the clinicians have been consulted as you said you would do.

Mr BERENDSEN: We are trying to put in place procedures so that when we have the data from VMoney available we have an enhanced ability to audit and review visiting medical officer billing.

Mr MICHAEL DALEY: So the answer is not yet?

Mr BERENDSEN: Not yet in respect of utilising the VMoney data. At present there would be auditing of visiting medical officer claims continuing.

CHAIR: All manual?

Mr BERENDSEN: Yes, in a number of locations. What I was trying to talk about here was the enhanced capabilities that we will get when we have VMoney fully operational and that we were trying to do some work now to develop ways we could audit visiting medical officer claims in a more focused way, which is what this recommendation was about.

Mr ACHTERSTRAAT: Through the Chair, I would be keen to get some information, perhaps two months down the track, as to these specific ad hoc clinical audits that have been occurring. What are the results? Have they been finding that everything is complied with? The degree to how broad the ad hoc audits are—is it only one or two areas or is it broader scope? But without spending too much time on that because it will all be superseded by the new system. I would be keen for the ministry to advise the Public Accounts Committee—at a time frame that the Committee might set—of certain outcomes of the first batch of clinical audits that have been done under VMoney, whether that is in September or October.

CHAIR: Mr Berendsen, are you happy to do that? If so, what sort of time frame do you see as realistic to feedback what might have already occurred?

Mr BERENDSEN: The problem with what already occurs is that each district has its own internal audit capacity and they will be auditing not just visiting medical officer claims but all manner of transactions carried out by districts. From time to time they will look at the external contractors and suppliers and all that sort of thing and part of the work they do will be with visiting medical officers. So there is no sort of systemic approach taken at present; it is just part of the general internal audit function. Once VMoney comes in the intention is that there will be an enhanced ability to audit visiting medical officer claims. That is conditional upon when the VMoney system becomes operational. The point of what I was trying to say is that at present we are trying to prepare for that by developing ways in which it would be possible to analyse the data from VMoney.

CHAIR: I take it that when the new system is in place that you will not only be able to audit the audits but you will also be able to do benchmarking between different district organisations?

Mr BERENDSEN: Where there are similarities. Of course when you look at it there are always reasons why there are discrepancies but when you see differences the intention is that you will be able to work out whether there is some reason for it or whether it is because billing practices perhaps need tighter control.

CHAIR: There is an intention to do that benchmarking for all monitoring?

Mr BERENDSEN: Yes, with the enhanced capabilities that VMoney will give us.

Mr BART BASSETT: In relation to recommendation No. 5 you indicated that you are in discussions with the Australian Salaried Medical Officers Federation concerning jointly agreed guidelines to improve the administration costs of staff specialist training, education and study leave. What stage are these discussions up to?

Mr BERENDSEN: We are still in negotiation with the ASMOF. In March we put a revised version of the proposed guidelines to ASMOF for its consideration. ASMOF replied earlier this week querying some of the proposals that we had put forward. So the negotiations are still continuing.

Mr BART BASSETT: Can you indicate how the guidelines will address the administration costs relating to that staff specialist training, education and study leave?

Mr BERENDSEN: It is hoped to simplify certain issues. The training, education and study leave entitlements of a staff specialist are an industrial entitlement; they are derived from an industrial instrument. There is a lot of uncertainty and difficulty in managing various proposals to utilise this entitlement which are put forward by staff specialists. It is hoped that by having a set of guidelines that that will to some extent clarify the arrangements about how much can be spent, about what sort of activities are appropriately funded through this entitlement, that the costs of managing the entitlement overall will be reduced.

Mr BART BASSETT: In relation to providing a more explicit basis for visiting medical officer entitlements to treat private patients in public hospitals, can you update the Committee on your discussions with the Australian Medical Association about amendments to visiting medical officer contracts?

Mr BERENDSEN: The Australian Medical Association has not replied formally to us but in discussions with the industrial staff of the AMA we have been advised that there is some resistance to this proposal on the part of the AMA.

Mr BART BASSETT: If you have had no formal response and you feel that there is some resistance to that, what will be the next step to try and make some headway in relation to that matter?

Mr BERENDSEN: We obviously want to get a formal response in writing from them so we have been pushing for that. If the AMA has some reservations about this proposal it is not something that is going to be introduced immediately. We will continue to try and pursue the issue because the ministry always has various issues running with the AMA. But I do not think this particular matter is something that is going to be implemented in the near future.

<3>

Mr BART BASSETT: I understand that it is not easy to answer, but when I hear those sorts of answers I am always concerned that it will never happen. Will you have the procedures in place to try to find an outcome in some way?

Mr BERENDSEN: We accepted the recommendation. We put it to the Australian Medical Association [AMA]. The response or attitude of the AMA is something we cannot directly control. We have done what we can to commend the recommendation to it, but there seems to be some resistance.

Mr GREG PIPER: I was not involved in the original process, so I am on a steep learning curve. In hearing about the non-responses from the AMA, I assume that the resistance might be because an additional burden was imposed on visiting medical officers [VMOs]—but I am not sure. I assume the quantum of the problem you are addressing was clearly identified or is it speculating an unknown problem?

Mr BERENDSEN: VMOs are entitled to provide services to private patients in public hospitals. This produces financial benefits to NSW Health. However, the Auditor-General drew attention to the lack of a formal basis, an explicit basis, on which these services to private patients are provided and recommended that there be some explicit basis put into the model VMO service contracts, which each VMO has with the local health district. With or without this particular provision included in the model service contracts, the practice of VMOs providing services to private patients in public hospitals will continue. The issue is whether it goes into the contracts and ultimately form part of the explicit contractual arrangements between our local health districts and VMOs.

Mr GREG PIPER: To continue with the questions that probably are anticipated, you indicated also that you are in discussion with the AMA and New South Wales rural doctors to amend the VMO model contracts to impose stricter controls over submission of VMO claims. While you have touched on this, can you update the Committee on the progress of these discussions?

Mr BERENDSEN: Yes. I can again say that we have not had a formal response from the AMA, but our informal understanding is that it will be possible to make progress in respect of this particular recommendation.

Mr GREG PIPER: And the rural doctors association?

Mr BERENDSEN: We have started with the AMA first and when we reach agreement there we would then propose to go to the rural doctors association.

Mr GREG PIPER: So you anticipate that one would follow the lead of the other?

Mr BERENDSEN: We would anticipate that. Of course, I cannot speak for the attitude the rural doctors association might have, but I believe it will be possible to achieve some progress here to deal with the problem the Auditor-General identified of VMOs sitting on their claims and not putting them forward and, therefore, causing difficulties when a large number of claims are submitted at the same time.

Mr MICHAEL DALEY: With regard to the performance agreements of staff specialists, can you update the Committee on your surveys of the local health districts and their compliance with the provisions of the award?

Mr BERENDSEN: The responses received by the ministry so far indicate that there is a reasonably high level of compliance with the award requirements about performance agreements. I might leave it at that.

Mr MICHAEL DALEY: I suppose this final question I am about to ask returns us to the beginning of your evidence: What happens then? What can you do to encourage or ensure compliance within the local health districts [LHDs] with respect to that matter or any other matter with which you want them to comply? What tools are available to you?

Mr BERENDSEN: It is a condition of subsidy that districts comply with directions issued by or on behalf of the director general, but local health districts have an enormous array of responsibilities. They have the responsibility of delivering hospital and clinical services.

Mr MICHAEL DALEY: They do, and you have the responsibility of making sure they comply with directions given to all of them to ensure compliance with government policy. So what do you do?

Mr BERENDSEN: The ministry was responsible for the relevant provision going into the staff specialists' award to make it an award requirement. We encourage, we direct, we can remind chief executives of the importance of doing this. If I can perhaps just take this matter a little bit further, there are some difficulties in performance managing senior clinical staff with very specialised skills. I know this is a challenge, particularly for the smaller regional local health districts, but I think that throughout the system they are attempting. It is an award requirement. It is an obligation on the districts and the staff specialists to have an annual performance agreement.

Mr MICHAEL DALEY: At the beginning of your answer you mentioned an element of subsidy. Could you tease that out a little for us?

Mr BERENDSEN: Yes. Because basically it is a purchase and provider model, the ministry funds the local health districts, the local health districts through their door under the control of the boards and their management teams then are responsible for the actual provision of hospital and clinical services.

Mr MICHAEL DALEY: In a sense, the specialists have you over a barrel?

Mr BERENDSEN: Well, there are difficulties. Districts do the best they can and the directors of medical administration, our medical administrators, are doing the best they can, along with their many responsibilities out in the field.

CHAIR: Thank you. The Committee may wish to send some written questions additional to those identified as taken on notice. The responses to the additional questions and those taken on notice will form part of your evidence and be made public. Would you be happy to provide written replies to any further questions?

Mr BERENDSEN: Absolutely. We will do that.

CHAIR: We look forward also to receiving responses to those questions you have taken on notice. That concludes our questioning for today. We appreciate you appearing before the Committee and wish you all the best in your great work on behalf of the New South Wales public.

Mr BERENDSEN: Thank you.

(The witnesses withdrew)

PETER CHARLES ACHTERSTRAAT, Auditor-General, NSW Audit Office, 1 Margaret Street, Sydney, on former oath:

MARGARET PRENDERGAST, General Manager, Centre for Road Safety, Transport for NSW,

EVAN WALKER, Principal Manager, Safer Systems, Centre for Road Safety, Transport for NSW, and

TIM REARDON, Deputy Director General, Policy and Regulation, Transport for NSW, sworn and examined:

CHAIR: Before we commence with formal questions, would any of you like to make an opening statement?

Mr REARDON: I will make a short opening statement.

CHAIR: Before you do so, I will ask the Auditor-General to make an opening statement, should he wish to do so, to provide a setting, to which you might then reply or supplement?

Mr REARDON: Sure.

Mr ACHTERSTRAAT: First, I commend the Roads and Maritime Services [RMS] for the work it has been doing in this area. It has really taken some great steps and achieved some great outcomes. Rather than focussing on, I guess, 99 per cent of things we agree and are happy with, it will look as if I am focussing on the odd things and I do not mean that to be a criticism of the Roads and Traffic Authority [RTA]. We were concerned that young people could drive only at 80 kilometres an hour with mum and dad in the car as an L-plater and then the next day when they get their licence they can drive at 100 kilometres an hour by themselves. We thought that the 80 could be increased to 90 and were pleased, for example, that the RTA has taken our recommendation on board. The three areas I would like to put on the table—again, I do not want this to detract from the excellent work that RMS has done—are, one, the recommendation of curfews on Friday evenings, 11.00 p.m. to 5.00 a.m., with the numbers of young people driving. The recommendation was accepted.

Mr MICHAEL DALEY: What was the recommendation?

Mr ACHTERSTRAAT: That the RMS consider the appropriateness of implementing a curfew like that. The recommendation was accepted and followed up. They considered it, but I think there was a decision not to implement the curfew. I would just be interested to know the mechanics behind that decision. The second one was in relation to the number of persons in a car—recommendation 7. Again, the recommendation was to be considered. It was considered and decided there was no need for a change. I guess the next is not a necessary recommendation, but in the course of the audit we noticed that people in the country seem to pass their tests more often than people in certain city RTA offices. It may well be the quality of the student in some country areas is much higher than those in the city, but we thought there should be a bit more publicity et cetera as to pass rates. If there is a reason the pass rate is so high in one town and so low in certain suburbs in the city, there may be a need for an inquiry as to the training of the students but also the actual mechanics of the test. I guess they are the three areas I focus on. For all the rest, we could stay here for the whole day congratulating the RTA on all the other things it has done but, fortunately, we just have to focus on those other areas.

CHAIR: Thank you. Certainly, we had identified the first two items in our indicative questions. We will pick up the third, particularly in the absence of John Williams. I am sure it will be picked up by a city representative, but perhaps we have more cause to ask the question why rural counterparts might be regarded better drivers. I now invite Transport for NSW, in particular Mr Reardon, to make an opening address.

Mr REARDON: I will put a little bit of context as part of my opening remarks. When this audit was released, the Roads and Traffic Authority was still the accountable body. Since the formation of Transport for NSW in the second half of 2011 and the formation of Roads and Maritime Services, policy, regulation and strategy is developed and delivered out of Transport for NSW. It is then implemented by Roads and Maritime Services. It is then implemented by Roads and Maritime Services. Both work hand in glove in delivering these outcomes. I wanted to make it clear that is how we have transitioned from when these recommendations were made under the former Roads and Traffic Authority to where we are now. The second matter is the 10-year road safety strategy, which was released by the Government recently, which sets out what we will do around safe

systems, safer roads and the safer vehicle space to give context to what we do over the next decade. As part of that we undertook a specific initiative called "safer drivers", which the Government asked us to do. That safer drivers program has formulated an approach to how we deal with learner drivers going forward and in 10-days that will commence.

The commencement of that "safer drivers" work has been developed by a board which was established by Government. That board included representation from across all of those agencies and other stakeholders interested in road safety, including the police and motor accidents authority, amongst many others. They formulated a position which basically says the 120 hours can be reduced where an L-plater may wish to undertake both professional driving and a structured course which will come into place in 10 days. We are also going to accept the recommendation and deliver on increasing from 80 kilometres per hour to 90 kilometres per hour for learner drivers. That was debated in the context of national harmonisation where our Minister for Roads and Ports has taken that to the national level and set out the need for a better framework to work towards further harmonisation and that is a step that New South Wales has taken in that regard.

Third, there are specific initiatives we are undertaking in rural and regional areas around conditional licencing and a pilot west of the Newell Highway in several rural and remote communities to look at streamlining learner drivers in those areas within the learner driver regime to help them move to provisional, P1, by reducing their hours further. We will pilot that. It is specifically to travel from home to education and work. It is for specific purposes but the number of hours is reduced quite considerably. That has been put in place as a pilot to commence in the near future. That is a little bit of context and we will happily take questions as you see fit in terms of the specific areas that have been raised.

CHAIR: We do have a number of questions and Mr Daley is itching to ask a question regarding what you have just said.

Mr MICHAEL DALEY: Could you tell us what the current status is in relation to the curfew for P-plate drivers?

Ms PRENDERGAST: At the moment we have a curfew on peer passengers for P1s and P2s. They are not allowed to take peer passengers between 11 p.m. and 5 a.m. unless it is their siblings. They are allowed to take one who is under 25, but no more than one peer passenger, unless it is a sibling.

Mr MICHAEL DALEY: I should know that since I introduced it. That is peer passengers, isn't it?

Ms PRENDERGAST: Yes. It was the crash that occurred up the North Coast where there were five in the car and it was the issue of when you have a lot of young people in the car the risk is great. So we restricted that and between 11.00 p.m. and 5.00 a.m.—

Mr MICHAEL DALEY: That is still in place?

Ms PRENDERGAST: Absolutely—they are not allowed to take peer passengers bar one or a sibling.

Mr MICHAEL DALEY: What was the recommendation that the Auditor-General made?

Mr ACHTERSTRAAT: That it be extended to all times.

Mr MICHAEL DALEY: All times of the day?

Mr ACHTERSTRAAT: The recommendation was that they consider whether it would be appropriate to extend it. They have considered it and decided that it is not appropriate to extend it. The question I ask, Mr Daley, is how do they go about making that decision?

Mr MICHAEL DALEY: Why don't we start with that question?

Ms PRENDERGAST: We did not support extending it because the introduction of such a measure would significantly impact the mobility of young people. Victoria does have that in place, the extension of peer passengers. They do not have the curfew for the P1 drivers themselves at night but they do have the peer passenger all day long. You have to understand that Victoria is a lot smaller. It does not have the expanse and

distance that New South Wales does. For our youth, particularly those in the country and regional areas, to access employment, family and health commitments they need to be able to travel.

When we look at the indigenous community they have to travel large distances to get somewhere with limited vehicles and we feel that the impost would be too great. We were focused very much on developing the safer drivers course and developing other innovative ways to address how we get more kids licensed in regional areas. We want them to be able to access and join the licencing system rather than operate without it. The more imposts we put on those kids the more they operate outside the licencing framework.

Mr MICHAEL DALEY: Could you give the Committee a short summary of what the safer drivers course entails and to which locations in New South Wales it is being rolled out?

Mr REARDON: The key recommendation out of the safer drivers course is to reduce the learner period by another 20 hours off the 120 hours. So 120 can come all the way down to 80 hours by undertaking a combination of the professional driving process, which is currently in place and has been for a number of years, added to this safer drivers course.

Mr MICHAEL DALEY: That is behavioural driving?

Mr REARDON: Yes. they are undertaking professional driver training, you can take 10-hours and it reduces accordingly and if you combine that with undertaking the safer drivers course, which is specifically a curriculum, off-road in a classroom setting, and combined with potentially one or more learner drivers in a car with a professional driver but not just driving around, it is re-enforcing what you have learnt in the classroom. Those five hours combined with professional driving instruction can reduce your hours from 120 to 80.

Mr MICHAEL DALEY: When is that rolled out?

Mr REARDON: As I indicated that starts on 1 July. The Government committed to that in March and we have had to work very hard to procure and roll that out, in a limited sense, starting on 1 July and it will continue to roll out.

Mr MICHAEL DALEY: Where will it start?

Ms PRENDERGAST: Next week we will be announcing exactly those providers and what locations. We will have a full information kit. Effectively we have tendered for the next six months and during those six months we will tender for the entire program and get broader coverage. In the first six months it may be that we have to divert some metro providers to the country to provide the service.

Mr REARDON: Just to be clear, we are in the middle of a procurement process with that. That is where it is up to.

Ms PRENDERGAST: The only thing I wanted to add is on the safer drivers course it is being developed and targeted and built to address the very risks we are seeing in the crashes. We have unpicked all of the young driver crashes and we have built this course to address the risks we see.

Mr MICHAEL DALEY: What are those?

Ms PRENDERGAST: It is effectively behavioural, inexperience and inability to perceive hazard and manage risk. You have three hours in class which is focused on what are the risks and hazards you will see and what are the behaviours you need to avoid. The in-car coaching will then be tailored to their ability and address those in real settings on the road.

Mr REARDON: The second component again is 80 kilometres per hour to 90 kilometres per hour as a speed limit for learner drivers. The west of the Newell trial is in the north-west, inner west and in the south west of New South Wales. We will furnish a few of those: Broken Hill, Bourke, Brewarrina, Hay and Balranald are the locations. That is where we look to do the conditional licence approach as a pilot. It is bringing the hours down to 50 hours. Specifically the conditions are from home to education, work or health.

Mr ACHTERSTRAAT: I will quickly add to that: Had Transport for New South Wales simply said they considered it and rejected it there would have been some concern but they have gone through a lot of analysis to make the decision and they have built other safeguards in, I think it is a commendable result.

Mr MICHAEL DALEY: I agree.

Mr ACHTERSTRAAT: It ties in with my recommendation 11. I was concerned that young drivers really do need to have a knowledge test on the computer, a skills test out on the road but also an attitude test. We formed the view in the audit that there may be many people who can pass the knowledge and the skills but may have the wrong attitude to driving. For example, you have the knowledge and skills to use a chainsaw but you may not be able to do it.

Mr MICHAEL DALEY: Like politicians sometimes?

Mr ACHTERSTRAAT: Recommendation 11 was that the Roads and Maritime Services [RMS] consider introducing an attitude test, not so much for everybody but for high risk people, people who have done something wrong because the cost of implementing an attitude test would be phenomenal. The RMS has again done some analysis on that saying it is probably not appropriate for various reasons. There is no evidence around the world that shows that these behavioural tests are worthwhile but they have built it into the safer driving course. I think that is an excellent compromise. It saves money and I think the RMS is always after ways to save money.

CHAIR: I will ask a couple of supplementary questions before we move into other areas. The rollout commencing on 1 July, when will that be complete?

Ms PRENDERGAST: The roll out of safer drivers?

CHAIR: Yes.

Ms PRENDERGAST: Effectively what we are putting in place on 1 July is a number of providers who will be providing the service for the next six months.

CHAIR: Across the State?

Ms PRENDERGAST: Across the State. It does cover quite a few regional areas although there are pockets we have not gotten to that we will cross-subsidise from metro operators. We did not have time to do the full tender. We will be doing that over the next six months. What we are hoping is that from 1 January next year we will have far better coverage and far more providers.

CHAIR: You talked about the reasons behind the rejection of restricting P1 drivers carrying no more than one peer passenger at any time. Has there been any pilot study done in relation to that issue, any comparative situations set up?

Mr REARDON: Apart from Victoria as a test.

Ms PRENDERGAST: Exactly.

Mr REARDON: With the broader frame of national harmonisation the Commonwealth have had the first national road safety forum and they are having another one this year. Having sat in the harmonisation forum, the aspiration to have a framework for harmonisation, every jurisdiction has a slightly different approach, as we are probably all aware, and they are fairly convinced that their regime is right. That leaves us with a position where we can put an aspirational framework, which was agreed last July, and try to move towards that aspirational framework. Areas such as how we deal with learners or P1 when we have a 17 year age where that changes over and Victoria have an 18 year age; the skills and behaviour in that year are quite different. As Ms Prendergast indicated, the geography between Victoria and New South Wales—Queensland could have the same comment—are such that the regimes do vary slightly and this is one of those areas.

CHAIR: I would add my support to a harmonisation drive because generally I think it is a good thing. In that vein it may well be that the reasons for the department rejecting the introduction of a night-time curfew

for P1 drivers between 11.00 p.m. and 5.00 a.m. on weekends was partly influenced by a desire for harmonisation or were there other reasons you wanted to highlight?

Ms PRENDERGAST: There is no precedence for that sort of arrangement. We think the impost, impact on mobility and ability to access employment was too severe. We have more disadvantage, more distance and different travelling conditions to other States.

CHAIR: Coming back to education, and we agree that it is important that particularly young people are properly educated at an early age, are there plans to continue the school based strategy in rural New South Wales and is the Motor Accidents Authority [MAA] still funding that program?

Ms PRENDERGAST: They are two different elements. We are the only State in this country that has mandated road safety education in schools. It is mandated from kindergarten to year 10. We have a resource for year 11 and 12. They are taught that in all different subjects at school and that is incredible. We do learner workshops that are specifically for learner supervisors to start the process off to teach them the log book. We have increased the spread of that course. We have, since the audit, based on the recommendation, the total number of workshops has increased by 10 per cent and the total number of participants has increased by 16 per cent. The focus is very much on the regional areas through the high schools and community centres.

Dr GEOFF LEE: When we are talking about running the pilot program, how is the information collected in the pilot program, how is it analysed and who is responsible, can you go into detail about that?

Mr REARDON: Could I clarify we are talking about the pilot program west of the Newell Highway that we are about to undertake for conditional licences?

Dr GEOFF LEE: Yes.

Mr REARDON: Ms Prendergast will answer that question.

Ms PRENDERGAST: We will be strongly evaluated. We are not expecting large numbers, although we have chosen the areas based on different criteria: for example, Broken Hill gives us urban; Hay-Balranald gives us a country, rural, very much farming area; and Bourke, Brewarrina and Walgett give us disadvantage and different issues. So we are expecting that maybe a couple of hundred drivers will join this pilot. It works that you get your 50 hours. Once you have done your 50 hours you can actually sit the driving test and if you pass that test, you will then be on a restricted licence for six months where you can drive your health education work. We are working really closely with the local police, local and outposted Roads and Maritime Services [RMS] groups. We will be fully evaluating the safety because we do not want to detriment safety. We will be monitoring the pilot and we will be monitoring any issues arising with those participating in the pilot and there will be a full evaluation at the end of the two years before we recommend that for any further rollout.

Dr GEOFF LEE: So you will be monitoring that yourselves?

Ms PRENDERGAST: We are managing it, with Police.

Mr REARDON: With the NSW Police and the Roads and Maritime Services—Roads and Maritime Services in field will give us a lot of detailed information about who actually will front to take this course because that could give us some indicators about why people find it a barrier to come forward even at 50 hours to sit their driving test, so a low participation or a high participation will tell something.

Dr GEOFF LEE: Is there an indication of the cost of these programs?

Ms PRENDERGAST: If we talk about the P1 restricted pilot, there is no cost. It is just the normal cost to do your driver knowledge test or indeed driving test. With the safer driver course, it will be an affordable cost and we will be announcing that next week prior to commencement.

Dr GEOFF LEE: It will be an affordable cost.

Ms PRENDERGAST: And it will be subsidised by the Community Road Safety Fund.

Dr GEOFF LEE: Are any plans being developed to conduct data analysis on a regular basis to ensure that testers are within acceptable levels of variation?

Ms PRENDERGAST: Absolutely. The Audit Office did pick up an issue, and it was a very valid issue that needed investigation and since that time Roads and Maritime Services has conducted a full data analysis of all driver testing locations. Effectively they have looked at 300 driver testers and they have looked at those who sit outside acceptable limits identified in terms of their pass rates. They identified 79 out of the approximately 300 drivers who were sitting outside the acceptable range. They then developed an intensive training course called the skills enhancement workshop and all 79 staff have been to that. They are also conducting in-vehicle monitoring of those driver testers. They are actively trying to address the pass rate variation and this is the only way you can do it. People are testing them and there is some human variability and therefore we need to manage the actual resources to bring it back to a level playing field and RMS are halfway through the in-vehicle monitoring and at the end of the year they will be working out what more they need to do.

Dr GEOFF LEE: It was 79 out of 300, was it?

Ms PRENDERGAST: Yes that had pass rates that sat outside the normal variation.

Dr GEOFF LEE: So a quarter?

Ms PRENDERGAST: Nearly a quarter.

Mr GREG PIPER: So both ends were too tough or too lenient?

Ms PRENDERGAST: Correct. If you think of a bell curve, it was the two lines on the outliers.

CHAIR: Do you want to comment about the city-rural divide in that context?

Ms PRENDERGAST: I do not really have the detail of the breakup of those locations.

Mr REARDON: Could I just add to that? If there is a city-rural divide, I think it would probably require RMS continuing their process in completing that work first, I would suggest, because some of those results will confirm what that might be.

Ms PRENDERGAST: Yes, but there is a theory, which is really why we are actually looking at the P1 restricted pilot, that we know the country kids are driving before age and that they may not be in the system, so therefore they have had experience before they present. There are some potentially demographic issues that address those but to us it is a human testing issue and therefore you need to bring a level playing field amongst those testers and that is what RMS is looking at.

Dr GEOFF LEE: Didn't the Auditor say in the rural areas you had a higher pass rate than the city?

Ms PRENDERGAST: Yes.

Mr GREG PIPER: That will be driving on road and on private property?

Ms PRENDERGAST: Essentially yes, on farms, et cetera.

CHAIR: Auditor-General, do you want to make a comment?

Mr ACHTERSTRAAT: I want to congratulate Transport for NSW on the initiative of putting those 79 testers through for the training. It does not mean that they were not doing a good job; it just means that the figures showed that they were not appropriate. Just on some specifics, Dr Lee: when the audit was done we found that people who went to the Narooma or Bega Motor Traffic Authority had a 90 per cent chance of getting their licence the first time whereas people in Wetherill Park, or Maroubra was the toughest—

CHAIR: —was poorly represented.

Mr ACHTERSTRAAT: —had a less than 50 per cent chance of getting their licence the first time. We just highlighted the data, RMS has followed that up and I think it has been a good solution all-round.

Ms PRENDERGAST: There are some demographics at play here in terms of metropolitan, non-English-speaking background and disadvantage in those pass rates.

Mr BART BASSETT: Just moving away from what we have been talking about, in regard to light commercial vehicles, what is the highest Australasian New Car Assessment Program [ANCAP] rating for light commercial vehicles and does the five-star rating apply to contract 653?

Ms PRENDERGAST: At the moment we are very pleased with contract 653, which is the government fleet tender. It has been released, requiring all government fleet to have a five-star rating for light vehicles and four-star for light commercial vehicles. The reason is because at the time there was really only one supplier who was only just tested to the five-star in the light commercial market. Obviously more and more of those light commercials are becoming five-star. The manufacturing sector is working very hard to bring them up to the appropriate safety standard and we envisage the next contract would actually include five-star light commercials but we had to respond to the market because we could not put into a market what could not be provided.

Mr BART BASSETT: What is the projected time frame for changes to the driver knowledge test, hazard perception test and driver qualification test?

Ms PRENDERGAST: Currently they are looking to add additional questions on the basis of the investigation that the audit led us to, to go and look at what we can do—and it actually showed that more road safety questions are required in those tests. There is a piece of analysis going on about what those questions may involve. We envisage it will probably be about 18 months because not only do we need to test it but we need to develop the questions and also test them with some research to make sure that they are the right questions. We are hoping that within 12 or 18 months those questions would become part of the new test.

Mr BART BASSETT: Once the safe driver courses are rolled out across the State with the time frames that you believe will achieve that, when will you look at new data compared to old data to see how successful it has been?

Mr REARDON: On 1 July we will start to monitor those who come into that regime. In terms of having statistical validity, et cetera, that will take some time, but we will start from early on. The Centre for Road Safety in terms of evaluation is geared towards doing just that. They will start monitoring it very early on because we figure we will be asked questions as it rolls out both on the pilot program and the broader rollout so we will start from day one. When can we give a statistically valid evaluation? Sometime after that. It will depend on rollout and take up, remembering that the take-up is voluntary.

Ms PRENDERGAST: It is optional. It will be a couple of years because we need the samples so that it is statistically valid. New South Wales has made phenomenal gains in young drivers, as the audit showed. Since 2007 when the 120 hours and the broad range of spectrum of peer restrictions et cetera came in, there has been a 30 per cent reduction in fatalities from P-plater involvements. Since the whole graduated licensing scheme [GLS] started in 2000, the tiered system, there has been a 50 per cent reduction. We are really making gains in young driver safety and those young driver involvements. We believe the safer driver course will take us to the next level because we are introducing that behavioural element into it so they really do have an understanding of the choices they need to make of the whole risk management.

Mr MICHAEL DALEY: We used to view safety on the roads in terms of fatalities and with increasing safety of vehicles I think that in due course, whilst that is a good indication, we have to move to a model which views the number of crashes and injury crashes as well. Have you any statistics about crashes and injury crashes in young people?

Mr REARDON: Yes.

Mr MICHAEL DALEY: It might be that fatalities have decreased markedly but that might become a misleading statement because seatbelts and cars are better and there are more Australasian New Car Assessment Program [ANCAP] rated. Crashes might not have decreased but the fatalities might have?

Mr REARDON: In terms of where we want to take the 10-year road safety strategy is the total focus on fatalities is not right. There needs to be a total focus on fatalities, injuries and breakup of injuries into serious

injuries and more minor injuries. The numbers of injuries are phenomenally large and if we continue in the media as well.

Mr MICHAEL DALEY: What is the trend?

Mr REARDON: We can talk about trend but in terms of the media picking up on the fatalities alone, the underlying injury rates are not talked about. The cost to the community from tragedy, health and what it costs us economically is phenomenal. We have asked in the road safety strategy to better define that data and get out into the community what those types of numbers are because they are very large numbers. The more that ANCAP five-star rated cars come into the system and safer vehicles kick in, it will move potentially a lot of fatalities and serious injuries into more minor injuries potentially and it is a number that needs to be monitored and it needs to be monitored as you ask across all the age groups as well, older drivers, younger drivers and the rest of us as well.

Mr MICHAEL DALEY: There was always a problem in getting that data because emergency departments had to report back to the RMS and it was not happening. Are we going down that way?

Mr REARDON: Very much so. In terms of the Centre for Road Safety we had a look at how we were doing things end to end. We had a look at Sweden, the United Kingdom and the Netherlands where they do these things in what is considered world's best practice. The linkages now for the centre with Police, Education and Health are very strong and growing and with the Motor Accidents Authority, et cetera. They are doing a lot of work to get that data and they will probably take years to get it right but that is from a standing start somewhat, I have to say. The lag in the data will always be well lagged behind, unfortunately, the fatality data but we have made that quite a priority in the 10-year road safety strategy.

Ms PRENDERGAST: I would like to add what we have actually done. We acknowledge the serious injuries and as fatalities decrease the real challenge does lie in serious injuries as our next bastion and we are taking that very seriously. We have a national road safety strategy that says we need a reduction of 30 per cent by 2020 in serious injuries. We were in a situation where we did not actually quantify what the serious injuries were, so what we have done in the last 12 months is link all the crash data from 2000-09 to all of the health, emergency and mortality data. What that has shown is that out of the 26,000 injuries that we know of from the crash data, one-quarter of those are serious as in admitted to hospital.

It has also shown us a trend for those nine years and it had 56,000 cases and it showed a trend that serious injuries have actually been reducing by 1.6 per cent per year. The young group has been reducing but the number is still a concern given the community cost of a young person getting seriously injured. The only group to increase in that period is motorcyclists. We are not stopping here. We are now currently linking 2010-11 data and more importantly we are working with the Department of Health to get regular linkage and we are anticipating that within the next year we will be linking to their data on a regular basis every six months and at the same time we are talking to police about how we can get better information to trigger that it is a serious injury.

Mr MICHAEL DALEY: It is really important. You cannot even have a discussion about green slips without that data to inform discussion.

Mr BART BASSETT: Motorcyclists are going up because there has been a huge increase in the number of motorcyclists registered on the road.

Ms PRENDERGAST: It is the rate going up, I am sorry.

Mr BART BASSETT: It is disproportionate.

Ms PRENDERGAST: Absolutely. It is the rate. We normalise our data to see that because the growth has been exponential. It is five times the amount of registrations for motorcycles in the last five years so the growth is huge but when it is rated and normalized, it is far higher than any other group.

Mr REARDON: If I can just round that out. We will furnish copies of the 10-year road strategy and the motor cycle safety strategy which we prepared, I think, for obvious reasons.

CHAIR: I make two final comments: one, it is encouraging to hear that data analysis and increase statistics coming through and just by way of an aside, I observe that we handed down a report recently in terms of speed cameras and made observations and recommendations in terms of perhaps better analysis and data collection, particularly on causes of fatal crashes and some of the United Kingdom stuff. That ties in nicely. If you want to make a comment in closing you can refer to that but obviously, Ms Prendergast, that is an area that obviously you are focusing on and that is great. The final question I want to ask is: in the context of harmonisation, is the talk about changing the age in which people might be eligible to get their learners or Ps?

Mr REARDON: In terms of bringing this to the table, our Minister for Roads and Ports brought this to the table at the Standing Council on Transport and Infrastructure. It is a difficult issue to bring forth because, as I said, every jurisdiction considers it has got the right regime. So it is an aspirational framework—that is a good enough start at this point in time. Each element that is within there—the number of hours, the age and the speed limits—are the sort of top-of-mind matters that an L plater and a parent might consider. We are moving a little bit on our speed, as per the Auditor-General's recommendation, but we are not proposing any change to age at this point in time.

Without doubt those conversations will continue because of too large jurisdictions currently set at 17 and 18; our view is that for all the reasons Marg pointed out about us having a much larger rural and regional area that we need to cover, we find that restricting to 18 year olds at this point in time is difficult in terms of journey to work, journey to education and to health. Therefore, we are looking at another way of dealing with that with the conditional. So there is no change at this point in time, but those major parameters of speed, hours and age will remain in sort of top of mind for that framework.

CHAIR: I will give you all an opportunity to make a closing statement but first perhaps if the Auditor-General could identify any remnant issues that might be replied to and other conclusions?

Mr ACHTERSTRAAT: Very quickly, just to respond to Mr Piper's point. Earlier this year we were to have started a performance audit on motor cycle accidents but we have deferred that pending the work that the Roads and Maritime Services [RMS] is doing on analysis. We are doing an audit in relation to the mobility of Indigenous persons in New South Wales to determine whether there are any restrictions on thei mobility. Finally, in relation to Mr Daley's question, our indication is that while three out of every 10,000 young people in the country are involved each year in an accident with a fatality, there are only two people in the city. So there is a big difference. However, your question in relation to crashes: For every 10,000 drivers in the country and in the city the figures are the same at about 90 and they are falling to a certain extent. So the incidence of young people being involved in accidents where there is a crash is the same in the city and the country but it is higher in the country in relation to fatalities. Maybe that is because of speeds or whatever that are travelled in the country.

Mr MICHAEL DALEY: Speeds, road conditions, gum trees on the side of the road.

Mr ACHTERSTRAAT: Could be. Finally, if every agency responded to my audits like Transport for NSW and the Roads and Maritime Service I would be a happy man.

CHAIR: Can I invite any or all of you to make a closing statement on any issues that you wish to address?

Ms PRENDERGAST: Just picking up on what Peter said, the thing I did not actually comment on is that whilst we know that two-thirds of our fatalities happen in rural areas, and they are largely speed and trees on the road et cetera, we found that over 60 per cent of our serious injuries are metro. That gives you another insight that whilst you are focusing on one area you actually need to focus on the other. What we are finding from the serious injury data is giving us a whole new direction of what we need to target.

The only clarification: we are writing back to the Committee on the comments in the speed camera review. The issue we had is that there seemed to be a misinterpretation of our data. Every crash has multi factors; no factor is deemed to be the cause—therefore, your speed, your fatigue, your alcohol, your non-seat belt wearing, your distraction. The percentages of those contributing factors do not add up to 100. You will have crashes where speed, alcohol and fatigue were an issue. You will have crashes where alcohol and not wearing a seat belt were an issue. There is no precise science to tag which of those behavioural issues was the lead and, what is more important, we always code other factors—road condition, road environment and vehicle factors, mechanical issues. We are multi-factorial. The question we got asked we could never answer because there is no

deemed primary cause. Even when police charge people often they do not pick out one behaviour that caused that crash.

CHAIR: Without wanting to go back into that territory again, if you compare the UK analysis and scenario it seems a lot more detailed, and the danger is that we use speed just as the reason why we put speed cameras in rather than focusing on safety and alternative reproaches that might be available. But I do not want to go into that now.

Ms PRENDERGAST: But the safe system does say that the faster you hit the worse the outcome. So speed is the prevalent condition on any single crash—the faster you are going the worse the outcome. In peak hours it is speed—

Mr MICHAEL DALEY: It is all physics.

Ms PRENDERGAST: It is; it is the law of physics and therefore that cannot be forgotten. Our data is very consistent and it is very good quality and we are quite happy to come back and chat about it.

CHAIR: We may have some additional questions in writing that we want to give you, the replies to which would form part of your evidence and be made public. Would you be happy to provide a written reply to any further questions, should there be any? I thank each of you. Keep up the great work.

(The witnesses withdrew)

(The Committee adjourned at 10.45 a.m.)