

REPORT ON PROCEEDINGS BEFORE

PUBLIC ACCOUNTS COMMITTEE

**EXAMINATION OF THE AUDITOR GENERAL'S PERFORMANCE
AUDIT REPORTS AUGUST 2019 - JUNE 2020**

At Jubilee Room, Parliament House, Sydney on Monday, 22 November 2021

The Committee met at 9:00 am

PRESENT

Mr Greg Piper (Chair)

Mr Lee Evans

Mr Gurnesh Singh

Mr Lee Evans

MEMBERS PRESENT VIA VIDEOLINK

Mr Justin Clancy

Mrs Tanya Davies (Deputy Chair)

The CHAIR: Today the Committee is taking evidence relating to selected performance audits from August 2019 to June 2020. My name is Greg Piper, and I am the Committee Chair and member for Lake Macquarie. With me today are my colleagues on Webex the Deputy Chair, Mrs Tanya Davies, the member for Mulgoa; and Mr Justin Clancy, the member for Albury; and in the Jubilee Room are Mr Lee Evans, the member for Heathcote; Mr Gurmeh Singh, the member for Coffs Harbour; and Mr Ryan Park, the member for Keira.

Before I commence, I acknowledge the Gadigal people, who are the traditional custodians of the land on which we meet at Parliament House. I also pay my respect to Elders past and present of the Eora nation, and extend that respect to other Aboriginal and Torres Strait Islander people who are either present or are viewing the proceedings on the internet.

I now declare the hearing open. I welcome the Auditor-General, Ms Margaret Crawford; Mr Ian Goodwin, the Deputy Auditor-General; and Ms Claudia Migotto, the Assistant Auditor-General from the Audit Office of New South Wales. They will be with us for the entire hearing to provide additional information, as required. I also welcome our first witnesses from Transport for NSW, along with the NSW Audit Office representatives.

MATTHEW LONGLAND, Chief Executive, Sydney Trains, Transport for NSW, affirmed and examined

ADAM GEORGE BERRY, Executive Director, Customer Journey Planning, Greater Sydney, Transport for NSW, affirmed and examined

MARGARET CRAWFORD, Auditor-General, Audit Office of NSW, affirmed and examined

CLAUDIA MIGOTTO, Assistant Auditor-General, Audit Office of NSW, affirmed and examined

IAN GOODWIN, Deputy Auditor-General, Audit Office of NSW, sworn and examined

The CHAIR: Thank you for appearing before the Public Accounts Committee today to give evidence. Would you please confirm that you have been issued with the Committee's terms of reference and information about the standing orders that relate to the examination of witnesses?

Mr LONGLAND: Yes.

Mr BERRY: Yes, I have.

The CHAIR: Do you have any questions about this information?

Mr LONGLAND: No.

Mr BERRY: No.

The CHAIR: Mr Longland, do you want to make a brief opening statement?

Mr LONGLAND: Thank you, Chair. I acknowledge the Committee's invitation to appear today as a witness in my capacity as Chief Executive of Sydney Trains, along with Adam Berry, the Executive Director of Customer Journey Planning, within the Greater Sydney Division of Transport for NSW. In 2020 the findings and recommendations from the Auditor-General's report into train station crowding were accepted, and since this time Transport for NSW and Sydney Trains have worked to implement each of the seven recommendations. To date, five of the seven recommendations have been implemented, with the final two recommendations nearing completion.

The period which followed the handing down of the report has been unparalleled. The impact of COVID-19 and the associated public health orders have had a considerable impact on the transport network. Public transport patronage declined considerably, particularly throughout the stay-at-home orders. Across the Greater Sydney public transport network, for example, patronage for September 2021 was around 84.4 per cent lower when compared with figures from September 2019. And now in November 2021, there is a week-day average of 99.99 per cent of services across the network operating at or within the physical distancing capacities. This significant reduction in the number of passengers using the network has meant the risks and concerns regarding train station crowding identified in the Auditor-General's report will not be actualised for some time.

While patronage is down, Transport for NSW and Sydney Trains have incorporated and adapted many of the recommendations from the audit to address the COVID-19 operating environment. We have continued to undertake staff training, develop performance indicators and reporting tools, model travel demand, grow capacity through large infrastructure projects, improve wayfinding and work with business and government to develop strategies to continue to spread the peak. We will continue to look to new and emerging technologies and ways of operating to ensure that the end-to-end journey of our customers is as safe and as comfortable as possible. On behalf of Sydney Trains and Transport for NSW, we appreciate the opportunity to speak to how we are implementing the recommendations within the Auditor-General's report on train station crowding.

The CHAIR: Thank you. Mr Longland. Your opening statement touched on many of the issues that are of interest from that particular Audit Office review. My first question I was going to ask concerned the impact of COVID, and you have managed to articulate that quite well. It is not surprising that it would have had a huge impact on the patronage and the operations. I assume your own staff were under lots of restrictions. Will you elaborate on that?

Mr LONGLAND: Yes, thank you for the question. I would like to acknowledge on the public record my appreciation for our team, our frontline staff and the team that worked behind the scenes in the operations, both within Sydney Trains but also right across the transport cluster, for the work that they have done during COVID to keep customers safe and to keep services operating for those who needed to use them. Albeit we had a very significant reduction in patronage over that period, those that were using services continued to rely on the services that we provided, particularly healthcare staff and construction staff to keep the economy moving.

We have seen some rebound in patronage since the significant health orders have started to lift and the economy has started to open. I know, for instance, in Sydney Trains our most recent week's patronage is about 40 per cent of its pre-COVID level. So we have bounced back. We were at about 15 per cent at the worst period during COVID. So we have seen some bounce back as customers have returned to travel, particularly customers travelling in the weekend and the off-peak periods. However, it will be some time before we get back to pre-COVID patronage, particularly for the significant peak period journey-to-work trips, as customers get confident around returning to the office and office environments start to invite staff to come back to the office.

The CHAIR: As we go through the process of questions, I am sure it is quite likely that some of the questions might relate to matters that you would have felt you had answered. I apologise for that. It is just the nature of going through and making sure that we have checked off all of our issues of concern. I very much appreciate that answer in relation to COVID. I will now go to questions relating to the audit. The audit report recommended that Sydney Trains should systematically collect information on the use of crowd management and interventions at stations and assess the impact of these interventions. The response indicated that an app based solution has been implemented and is used by frontline staff. How does the app based approach provide visibility over trends and impacts on crowd management and interventions? What other methods are being used to support that information gathering?

Mr LONGLAND: Thank you for the questions. As you mentioned, the development of the app was a key part of our response to the audit recommendations. That app is now in use and all of our frontline station staff and our customer area managers that work across multiple stations have access to normally an iPad, so electronic equipment. That has got all of the various information training, those sorts of things, documentation about processes. It has also got the ability of our staff to record where they have an intervention related to managing crowding in the station environment. That might be at the platform level, in terms of the interface between a platform and a train and the relationship with the train crew, or it might be at the concourse level or, indeed, at the gate line which is where we have multiple areas that we manage crowding. We have got that app in place.

We have also rolled out training across all of our teams, and we have continued that during COVID as virtual training for those who have needed to undertake that training virtually, to ensure that staff are aware of the processes. When they log any incident or any intervention around crowding, that information is uploaded into our system so that we can compile reporting and we can also manage at a network level operations through the Rail Operations Centre or the ROC.

The CHAIR: For the Committee's understanding, would you provide an example of the type of interaction that you might have at the platform level, to which you referred?

Mr LONGLAND: Thank you for the follow-up question. Station crowding is sometimes caused just purely by the number of customers choosing to travel at a particular time of day. So that normally would occur in the peak period, a.m. or p.m. peak, on the way into or the way home from the office. The sorts of interventions in that situation would be that we would manage the flow of customers onto the platform. The platform is obviously the most dangerous part of a station and that is where customers interact with trains as they are coming to and departing stations. It is very important to ensure that the platform environment is managed in a way that does not cause any crowding or any crushing movements of customers. So customers are generally held in the concourse area if a platform is at capacity until a train has had the opportunity to pass through the station and clear some of that crowding. So that is really crowding around peak periods.

We also have crowding related to events. So where we are managing significant events—and we clearly have not had any to manage of late—but things like major sporting events, and we are doing a lot of planning for New Year's Eve at the moment, we have major event plans that we will proactively set up crowd management systems. So we would set up, for instance, at major stations customer barricades and gate lines to ensure that customers can queue effectively. We have staff at key hold points to make sure that we are holding and releasing customers to ensure that we are not overloading platforms.

We also have plans in place for construction works. Even during COVID, whilst we have not had any overcrowding at stations, we have had a number of interventions, particularly at Central Station where major construction work is happening, and changes in the way that we are managing the concourse, direction of escalators, commissioning of new equipment and those sorts of things. Those plans that we have in place are around ensuring customer flows through construction work or any major engineering failures, those sorts of things, escalators, elevators. The way that we do it is different depending on the type of station, the number of exit points, the number of escalators and those sorts of things. So plans are all set up individually for each station. However, we have developed, in response to the audit recommendation, a framework that really looks to provide some consistency in the way that plans are developed, that looks to introduce common threshold points and ensure

there is consistency between each of those plans. So that was a key recommendation that has now been implemented as well.

The CHAIR: I will ask Mrs Tanya Davies if she has matters she would like to follow up?

Mrs TANYA DAVIES: Yes. Thank you, colleagues, for your time today. I want to move to recommendation 4 in relation to travel choices. Have you used the Travel Choices Program in response to the COVID-19 pandemic? Do you plan on using it for managing station crowding? If so, how?

Mr BERRY: Thank you for the question. For those not familiar, the Travel Choices Program is designed to help people change their travel behaviours or travel patterns to re-time their trips, to re-mode potentially, to change modes, or to reduce their need to travel altogether. We evaluated the Travel Choices Program and found that it was certainly effective in terms of achieving those outcomes. It does help people change their behaviours, particularly when we apply it at a precinct level. The evaluation we give is actually in relation to Macquarie Park during the closure of the Epping to Chatswood rail line. We found that we were really effectively able to keep people on public transport and to have them moving at different times of the day when they did move on roads or cycles by providing large employers with education and information about options available to people.

We actually did deploy the Travel Choices campaign in 2020, towards the end of the year, when we were in the initial recovery from the pandemic and people were returning to the offices. We engaged with major employers, particularly in the Sydney CBD to help them educate their staff about the best times of day to travel and the travel choices available to them and that helped support the original return to the office. Certainly, we do intend to do that again with the recovery that Sydney is actually now embarking upon. The one thing that Travel Choices does not have a direct connection to is station crowding. Indirectly, obviously, people are travelling outside of peak periods. There are benefits, particularly to overcrowded services or overcrowded places and interchanges but no direct relationship; it is almost a flow-on benefit that we get from the program. We do intend to continue to use the program and we do expect there to be that kind of indirect result, but there is no proven direct correlation between station crowding and travel choices. There are other benefits.

Mr GURMESH SINGH: With regard to COVID and the COVID period, would you expect that now more people are working from home that perhaps peak travel periods may change going in the future?

Mr LONGLAND: Thank you for the question. I will ask my colleague, Mr Berry, to say a little bit more about multi-modal travel. But certainly on Sydney Trains we have seen the emergence of hybrid working—some workplaces choosing staff to come in for part of the week or parts of the day and mixing virtual working with in-person working. It has had a significant impact, particularly in the peak periods, which has meant that we are not experiencing the same levels of crowding that we once were. We are confident that as we emerge out of this COVID period that, with some of those learnings through COVID, we might see some of those travel patterns continuing, which I think is a positive. It lets us operate the network more efficiently so we have more consistent loads across the rail network during the day rather than just in the two peak periods. So that is one of the positives to emerge out of COVID.

The other things we have done during COVID, certainly in the rail network, is we have gotten much more confidence in the use of technology, particularly the connection between the actual train itself and the train crew, station staff and our Rail Operations Centre. So we are able to manage the network in real time to engage in response, where it is required. Through COVID, I think we have really fine-tuned some of those skills in technology that we will take forward and will be able to use as we start to see patronage pick up across the rail network. I will ask my colleague, Mr Berry, if he wants to say a few words about other modes.

Mr BERRY: Certainly I will pick up on two points. The patterns broadly described by Mr Longland apply across all transport modes in Greater Sydney, and certainly we have seen the development of new peak periods and off-peak periods to a certain degree. Traditionally peak periods were very much daily in the morning and in the afternoon. In 2020 as people returned to the offices, we started to see an evolution of peak days, where the middle days of the week—Tuesday, Wednesday and Thursday—were when more people tended to use public transport, and that is certainly an international experience. Other jurisdictions are seeing the same thing and we will certainly be watching that very closely as we emerge from the pandemic.

The other point that I will pick up on that Mr Longland alluded to is the use of technology. One thing that we developed rapidly in response to the pandemic was some of the trip planning information or add-ons that are available to customers to help them choose services that were less crowded. Through a number of our own assets, in terms of indicator boards on stations, as well as third party apps and our own travel planning apps, customers are now able to seek out before they leave home or the day before information about likely loadings on the services they plan to join. And then in real time, waiting for your bus, waiting for your train, you can do the same thing. You can understand the environment on the service you are choosing or not choosing to join. So

certainly any time you can provide customers with better information that results in a more informed decision and better customer experience. That very much was valuable during the pandemic. It really helped people be able to make decisions that they were comfortable with about when and where they travelled and what services they used.

Mr RYAN PARK: I have two quick questions. The first is about the airport stations and what we are doing particularly around that precinct to improve overcrowding. I know that has been an issue for some time, so I want to check that one first and I will go to my next question after that.

Mr LONGLAND: Thank you for the question. The recommendation in relation to the airport link stations was recommendation 7. That recommendation is partially complete. I am advised that whilst it is a privately run company, AirportLink, our station crowding plans are now in place and being used at Mascot, Green Square, Domestic Airport and International Airport. Whilst we have not had significant numbers through the airports, they will increase over time. I know Green Square was a focus during the audit. It is a busy station and that now has comprehensive plans in place. We have also shared with AirportLink the work we are doing around our customer station framework to ensure that the same principles are applied to the AirportLink stations. When we have a key performance indicator [KPI] metric that we will be using in the Sydney Trains network, we will be making that same methodology available to AirportLink so that they are able to use that same reporting for their own stations.

Mr RYAN PARK: My last question is that when I worked at transport in a previous life, we established the Sunday Funday ticket, I think it was, to try to improve the use of public transport and get people to increase their public transport usage on a Sunday when services were available. What other incarnation has taken over from that initiative?

Mr BERRY: I will take the question although I will not be able to answer directly, Mr Park, in terms of the Sunday Funday. Am I right in interpreting the question as what are we doing to encourage people to travel on public transport?

Mr RYAN PARK: Yes. Ten or 15 years ago we established the Sunday Funday, or whatever it was, because there was capacity moving around on a Sunday and it was an opportunity to get people off roads and onto public transport cheaply and get them used to it, so it was a way maybe of transferring over for their daily commute. I want to know if the Government is looking at anything to try to increase that activity while we have those services.

Mr BERRY: We are certainly at the moment very focussed on trying to encourage people back to public transport. But to be honest, Mr Park, that is seven days a week. There is nothing that I am aware of that is specific to encouraging, in terms of the fare regime, weekend travel that is being considered. We are really focused on people feeling safe on public transport and a lot of our sort of on-station information and on-mode information, both in terms of signposting announcements, is around people understanding that transport is safe and transport is clean, but that is a seven-days-a-week situation. I would have to take it on notice in terms of anything about the Sunday Funday.

Mr LEE EVANS: My question is about issues with hub stations in my electorate and in Mr Ryan Park's electorate of Keira where these hub stations have been set up. The majority of people go to those hub stations because of frequency of trains, so that is actually creating crowding and issues with parking. In my electorate, Sutherland station is particularly busy because it connects with the Cronulla line and it also has express trains. People travel up from the Keira electorate and further afield and park at Sutherland and it has become a major drama for the people who live at Sutherland because there is absolutely no parking spaces left on work days. Ultimately, Sutherland station is very, very busy at most times of the day. Will the hub station situation be alleviated with more trains and more services?

Mr LONGLAND: Thank you for the question. I am happy to say a few introductory comments and I will ask Mr Berry to talk more generally about the broader, multimodal network. On the rail network, absolutely, we are focused on adding capacity where it is required, where patronage and travel demand indicate that we need more services, and that is absolutely part of the forward planning and the line to Cronulla, T4 and T8, are part of our future planning for timetable improvements. We are also doing work at those key stations to look at access improvements. They might be around how do we provide end-to-end opportunities for customers, whether they are travelling on potentially a feeder bus, whether they are driving their car to a car park, or potentially using active transport to get to their local station.

But we do acknowledge that some of those larger stations are more attractive for customers because there is a much higher level of service, particularly—and I have been through Sutherland—with some of the express-running trains that come up from the South Coast. At those particular stations we are looking at opportunities, where we can, to add capacity both in rail services but also in the access—car parking, other modes feeding into

those stations—and really looking at taking an end-to-end approach so that we are not just focused on trains, we are actually focused on the whole journey. Given that we have got integrated ticketing on the Opal card, customers can actually move freely between services to those key stations. I am not sure if Mr Berry wants to say a few words?

Mr BERRY: All I would add, Mr Evans, is that I certainly understand that stations like Sutherland, Waterfall and others in your electorate attract people that travel by road typically and then transfer to a train journey. Almost a victim of its success, we are trying to drive people to those public transport trips. So certainly, on the one hand, we are getting the right outcome there. Where we could probably try to get more behaviour change—and this comes back to the Travel Choices work that we do—is in perhaps looking at how people get to those stations and try to change the behaviour of people who maybe drive there to get them to a cycling trip through cycling investment or a walking trip through walking facilities, or even indeed using the bus service to then transfer. Essentially any time where we have a large station that is attracting a lot of those people, that is a good thing. But we have got to look at how we can try to decongest the precinct by getting people to the station precinct with another mode. That is easy to say; I recognise that changing behaviour is hard, but certainly that is what we try to do through our Travel Choices Program.

Mr LEE EVANS: In my electorate, at Menai and Bangor there is a bus that comes through every 15 minutes. It eventually goes to Parramatta, but basically every 15 minutes there is a bus coming to or leaving Sutherland station. I note that coming into Sutherland there is barely anyone on the buses in the morning and also leaving the station there is barely anyone on the buses in the afternoon. It is a carrot-and-stick approach; I know it is about changing people's behaviour. But they drive from four kilometres away to park at Sutherland, for the sake of convenience. Ultimately we have to promote that the bus runs every 15 minutes throughout the day and that people at Bangor or Menai will not be inconvenienced by catching a bus to go to or from work. Has there been a promotion related to that to encourage people to use that second mode?

Mr BERRY: I will take on notice whether or not there has been any direct promotion in terms of the Sutherland area. I do know that we have not yet fully engaged a Travel Choices campaign in Sutherland and that might be an opportunity that we could look at. Where the Travel Choices campaign is really effective is when you focus on precinct and you work with particular large trip generators—and there will be a number of large trip generators there: businesses, schools and other employments hubs—that we can reach into and work with them to try to shift people's behaviour.

Mr JUSTIN CLANCY: I refer to recommendation 6, direct performance measures for station crowding and collecting data. This might relate to Mr Berry's comments around the trip planning app. How strong a correlation is there between crowd numbers and incidents? Secondly, can you give us an update on where we are in terms of real-time measures of crowds? Are we feeding that into trip planning apps?

Mr BERRY: I will start with the back end of your question, if that is all right before I pass to Mr Longland. In terms of the trip planning apps, the patronage measure that feeds into those at the moment is about on-board services. So people can see what the conditions are like on a bus that is coming to their stop, on the train that they are about to join, or the light rail vehicle, or whatever it might be, as opposed to the on-station crowd levels. Mr Longland, can you speak to the on-station levels?

Mr LONGLAND: Thanks for the question, and it is a really good question. As I said, we are learning about better use of data and technology particularly through our experience navigating COVID. As you point out, the patronage is largely around service capacity on board. What we find at some of the major stations is that they are actually interchanging stations, so customers will move from one particular service to a different platform to catch another service while they are interchanging. Currently the Opal data and the gate line means that it is difficult to track the number of customers at the station through the Opal system. We are looking at, in terms of recommendation 6, applying what is called the Fruin level of service. It is really about an international methodology to look at pedestrian modelling and looking at congestion in real time at station environments.

We have got the methodology to a point where we are confident that we will be able to apply it. What we are working on in recommendation 6 is the ability to look at machine learning to actually be able not only to measure but also to predict what the crowding is likely to be, particularly in peak periods. That tends to be when we experience the most significant crowding. I think when we are confident that we have got both the measure and the recording accurate, we would absolutely look to make that available to customers. It is all about helping customers make smart choices about the time of day they are travelling—as Mr Berry said, the mode they are travelling on—and to give them the opportunity to move most efficiently through the network. Once we have a platform and we are confident that the data is reliable, just as we have done with the real-time train crowding in terms of the systems that we have got in place on our Waratah fleet, we will look to make the same information available to customers both through our own apps but also we could look at a feed of that data to third party apps.

The CHAIR: I will now look to the Audit Office whether you have any comments.

Ms CRAWFORD: Thank you, Chair. I think we are pretty happy with those responses. Ms Migotto?

Ms MIGOTTO: We certainly acknowledge that the report was produced at an entirely different time in terms of the normal operation of the train system. It is pleasing to note that many of the recommendations have been progressed. Nevertheless, I have just a small follow-up point on recommendation 1, which is about the application of management plans at the station level. It is positive to note that the framework has been implemented there. I think the second aspect of that is to evaluate it and to ensure that the desired impact is actually being achieved at the station level, including at privately operated stations.

The CHAIR: Thank you. That wraps it up from the Audit Office. I think we can say that we are pretty well at the end of the scope of our inquiry today. I thank you for appearing before the Committee. The Committee may wish to send you additional questions in writing, the replies to which will form part of your evidence and be made public. Are you happy to provide a written reply within five days to any further questions?

Mr LONGLAND: Yes.

Mr BERRY: Yes.

(Mr Longland and Mr Berry withdrew.)

PAUL McCORMICK, Executive Director, East Sydney Project Officer, Infrastructure and Place, Transport for NSW, sworn and examined

STEVE ISSA, Executive Director, Community and Place, Greater Sydney, Transport for NSW, sworn and examined

STEVEN PHILIP BENNETT, Business Partner of Transport for NSW, Commercial Department of Sydney Light Rail project, affirmed and examined

MARGARET CRAWFORD, Auditor-General, Audit Office of NSW, on former oath

CLAUDIA MIGOTTO, Assistant Auditor-General, Audit Office of NSW, on former oath

IAN GOODWIN, Deputy Auditor-General, Audit Office of NSW, on former oath

The CHAIR: We will now examine the NSW Audit Office follow-up performance audit relating to the CBD South East Light Rail. I welcome the representatives from Transport for NSW. Will you please confirm that you have been issued with the Committee's terms of reference and information about the standing orders that relate to the examination of witnesses?

Mr McCORMICK: Yes.

Mr ISSA: Yes.

Mr BENNETT: Yes.

The CHAIR: Do any of you have any questions about this information?

Mr McCORMICK: No.

Mr ISSA: No.

Mr BENNETT: No.

The CHAIR: Do you want to make a brief opening statement before we commence questions?

Mr ISSA: Good morning. I welcome the invitation today to attend and speak to the CBD and South East Light Rail project, along with Paul McCormick and Steve Bennett. Sydney is a growing city and it is predicted that by 2056 it will become a city of eight million people. It is important to those who live and work in our city as well as those who are visiting are able to access an integrated transport network. This project has reduced congestion and has contributed to the overall livability of our city and its communities. The CBD and South East Light Rail extends 12 kilometres, from Circular Quay along George Street to Central, through to Moore Park and on to Kensington, Kingsford and Randwick.

It has delivered improved public transport access to health and education hubs as well as sporting precincts, all the while reducing congestion, with each light rail service carrying around 450 passengers, which is as many as up to nine standard buses. These light rail lines service major transport hubs and create interchange points with other modes of transport, including buses, ferries and trains. It has also improved and created new and exciting public spaces, including the transformation of George Street from a congested, unpleasant stretch of heavy traffic to a sleek pedestrian boulevard. It has been the catalyst for renewal and growth across the planning and construction phases in delivery, with over \$6 billion of activation along the corridor in redevelopment during planning, delivery and ultimately construction.

The November 2020 Transport for NSW Customer Satisfaction Survey showed 96 per cent of light rail customers were satisfied with the network services, their safety, security, convenience, comfort and timeliness. More recently, our services operating between the south-east and the CBD are on average journey times of below 35 minutes, improving connectivity and providing frequent, reliable turn-up-and-go services. Our services operate between 7.00 a.m. and 7.00 p.m. weekdays, with four minutes in the CBD and eight minutes between the CBD and the suburban hubs in the centres of Kingsford and Randwick. On behalf of Transport for NSW, we appreciate the opportunity to speak today on how we are implementing the recommendations from within the Auditor-General's report.

The CHAIR: I note that questions we will be asking today may well have been touched on in your opening statement or in subsequent answers. You would appreciate that we wish to deal with them specifically, although it may seem repetitive at times. I refer to recommendation 1 in the audit report. The June 2019 amended project deed includes required journey times of 37.5 minutes to 38.5 minutes for 97 per cent of services from Circular Quay to Randwick. However, the audit found that from 1 to 7 March 2020 the average journey time was

42 minutes and five seconds. What steps have been taken to bring down the journey time since the audit? What is the current average journey time on the Circular Quay to Randwick route? What percentage of the service meets the journey time target contained in the deed?

Mr ISSA: Thank you for your question. Transport for NSW has and continues to work with ALTRAC and Transdev to improve journey times, reliability and performance across both the L2 and L3 lines. As a collaborative effort, there has been a focused performance improvement program working to significantly improve performance. A dedicated committee has been established to bed in and drive improvement performances across both the L2 and the L3 lines, as outlined in the Auditor-General's report. This has included analysis of journey times, timetables, interface, integration of traffic signals, asset liability and real-time operational management of the services.

I am pleased to inform that since November 2020 the L2 and L3 has consistently met its journey time performance requirements above 97 per cent. In December 2019 the light rail services between Randwick and Circular Quay started running at around 45 to 50 minutes. This has gradually improved with the average end-to-end journey time being an average of 32.75 minutes in October 2021. A new timetable is being planned to be introduced in December 2021 which is expected to further reduce the end-to-end journey times. I am pleased to say that since commencement of services, there have been more than 80 million trips on L2 and L3 lines, noting the COVID and public health order impacts on public transport. Consistently since late 2020 all services on the L2 and L3 each month have met their key performance indicator [KPI] of over 97 per cent per journey time, as published on our Transport for NSW website.

The CHAIR: I neglected to advise you that there are members of the Committee who are participating remotely. I acknowledge online today are the Deputy Chair, Mrs Tanya Davies, the member for Mulgoa; Mr Justin Clancy, the member for Albury; and Mr Ryan Park, the member for Keira. I will ask the Deputy Chair if she has any questions.

Mrs TANYA DAVIES: Thank you, Chair. Thank you very much, gentlemen, for your time today. I am looking at the audit recommendation to produce the final project costs and the expected project benefit. You indicated that it would not be completed until quarter three/quarter four this year, as the project needed to reach final completion. Has the final completion certificate been granted? Have you finalised any outstanding commercial issues with the ALTRAC light rail partnership?

Mr BENNETT: Thank you for your question. As you probably appreciate, Sydney Light Rail is an exceptionally complex project on a number of levels. As stated, the line runs through the middle of George Street and out to the suburbs. With such a project, there are a number of key stakeholders that we needed to work with. A lot of those key stakeholders we have specific third party agreements with. Those third party agreements necessitate that transport works with those key stakeholders to achieve certain things, and not all of those things are achievable prior to the final completion of the project.

Post final completion of the project, the construction team needs to work with those key stakeholders, which obviously incurs costs to the project. So at this point in time, it is not possible to finalise the final project costs. We also have a number of procedural matters that we run through, such as identifying the benefits that a project like light rail brings. In order to finalise those, we need to work with partners such as Infrastructure NSW. That is still to be completed, as we will come onto. Until those sorts of processes are complete, again the construction costs continue to accrue post final completion. I am pleased to say that we do not expect that the budgeted \$2.993 billion to be exceeded, and we expect that we will be able to issue a final project cost in the first half of 2022.

Mr GURMESH SINGH: Although I live in Coffs Harbour now, I did spend my late teens and early twenties in the Randwick-Kingsford area studying at the university. With regard to the timing of a journey between Circular Quay and Randwick, obviously since the light rail has opened, we have been through the COVID period where the university has probably been either shut or at reduced capacity for much of that time. Do you expect the return to full-time study and having tens of thousands of people on that campus to impact journey times at all?

Mr ISSA: Thank you for your question. In relation to journey times, as I have outlined, we have spent a lot of time focusing on performance optimisation and bedding in the journey time. The light rail itself, unlike a rail network, is not a closed network. It interfaces with lots of elements that can influence journey time. What I am pleased to say is that consistently since November 2020 we have hit over 97 per cent of on-time services. And for the majority of 2021 our KPI and journey time performance against the contracted measured time has been over 99 per cent. So that gives me confidence that as we have and continue to see Greater Sydney come back into life and people come out of their working from home and start to travel around Sydney and go to university that we have built a really good, solid platform that we can grow and continue to provide the services that we need. We have used this period to fine-tune, bed in that operation.

For example, in the period between the first impacts of COVID and this more recent, there was a period in which people were working from the offices. So in June 2021, for example, there was an average of 52,100 passenger trips per day on the CBD and South East Light Rail—so really using the system quite well on an average weekday. Even with that sort of patronage, in that month 99.4 per cent of the services met their journey time requirements against the KPI of 97 per cent. I call that out as an example of a significant growth in patronage, people on the network, and still meeting a KPI target of over 99 per cent.

So we are confident that we have built a platform for return to work, for return to university. But we will and have continued to bed in, optimise and make sure that we will make the performance work. As always, with return to work, return to university, we expect to do some work with our customers to help familiarise themselves with the services, and that is normal for us at the start of every year, term year, particularly with universities. There is always a period in which we help them integrate with public transport use and new university students get used to learning how to use the network. We will be looking at how we can do that and help that transition. But we are very confident that we can meet that 97 per cent KPI.

Mr GURMESH SINGH: I refer to the impact of other events, for instance, race days. We would not have seen many big capacity crowds at Randwick since this light rail opened. How do big events like that impact running times?

Mr ISSA: Again, thank you for your question. We have an event management plan, an event management committee for light rail, and more recently we have had, again during that initial gap between first impacts of COVID in this current round, in that period some quite significant events at Moore Park at the Sydney Cricket Ground [SCG]. We were able to make sure we ran events that complied with COVID health restrictions and that catered for large crowds at the cricket ground. There is a plan that we developed in partnership with our event partners, be it Randwick racecourse, the future football stadium, the redeveloped football stadium or the SCG that brings together the venue, Transport for NSW, the operator and New South Wales police, and we create an event management plan to meet that.

We can improve and run more services. So we can actually run a shuttle service between Moore Park and Central, which allows us to carry additional passengers and meet the event commuters' needs. It provides additional resilience for that event bump in and event bump out, which generally happens during peak periods. Again we are very confident. There may be some work we have to do again with patronage and customers to reintegrate them to use, but we will have people on the ground to support them, we will have networks staff on the ground to support the operations, and we will work really hard to bed that in. Our ultimate aim is to make sure those services are reliable, we are servicing the event community and people are leaving their cars at home and catching public transport to and from the event.

Mr GURMESH SINGH: My final question on the same theme: Are special big event days audited under the same KPIs as regular journeys on that route?

Mr ISSA: There is a framework which we use. I cannot specifically recall the KPI in terms of event planning but there are measures that we use and there is a process we have to go through. In terms of the specific KPI, I will have to take that on notice. But we are very focused on that event delivery.

Mr JUSTIN CLANCY: Thank you, gentlemen. My question is a little outside the audit but it is pertinent. Today's *The Sydney Morning Herald* is reporting on Transdev and its comments around performance being put ahead of safety. Given that comment and comments so far in the inquiry about optimising performance, would you give the Committee an understanding of safety from your perspective? As you optimise performance, where do you place safety in that?

Mr ISSA: As you would appreciate, we have been invited by the Committee today to answer questions in relation to the CBD and South East Light Rail. However, what I would say more broadly about safety performance, it is our top priority for Transport for NSW and we expect all our operators to maintain the highest standards at all times. Whilst I cannot specifically comment on the article published today—I do not have the details or the background—what I can say is that at Transport for NSW safety is not negotiable and we have adopted this absolute requirement across all our service delivery. Transdev is consistently striving for a safer network and reviews all incidents and near misses to try to find ways to eliminate recurrence and improve safety outcomes.

We continue to make improvements to the way we educate people, the way we interface with our traffic signals and understand the causes of potential near misses or collisions. This also includes an annual Light Rail Public Safety Forum with key stakeholders to drive safety outcomes. In terms of safety itself, Transport for NSW commenced an integrated safety campaign from March 2018, focusing on raising awareness of safe operations

between our customers and the light rail. In the lead-up to commencement of services, we ran an integrated safety campaign.

There are a number of checks and balances overseeing Transdev's performance around safety and these include monthly contract reports and meetings where safety performance is on the agenda. There is mandatory reporting of all safety incidents to the Office of National Rail Safety Regulator, in accordance with rail safety law regulations. There are regular audits by the rail safety regulator at their discretion and there are a number of oversight performances that Transdev itself carry out to ensure that it complies with its own assurance and safety committees. We take safety very seriously, and we would not optimise journey time over safety. It is not in line with Transport for NSW policy on anything we do, be it light rail, traffic or any other mode of transport.

Mr JUSTIN CLANCY: Thank you, I appreciate your response.

The CHAIR: We do appreciate that is outside the scope of the audit to which you are responding, but it is a very clear emergent issue and I am not surprised you were asked about it. Thank you for the answer you have provided.

Mr RYAN PARK: Why have the expected project benefits not been updated since April 2015?

Mr BENNETT: Thank you for your question. We are currently working towards identifying the expected project benefits. Again the project benefits cannot be calculated until the project is complete. We are working towards that at the moment. We are working with our partner, Infrastructure NSW, and the expected project benefit calculation should be able to take place in the first half of 2022. We have had some delays in that process due to COVID-19 and the associated health orders which have meant that the full benefits are unable to be calculated at this point in time. But once again we expect that they will be calculable in the first half of next year. I am not sure if Mr Issa would like to add anything further to that response.

Mr ISSA: Yes, thank you, Mr Bennett. I think Mr Bennett has explained the formal calculation of the benefits realisation in accordance with the Infrastructure NSW framework. In terms of project benefits from a customer commuter perspective, I would like to reiterate that we are delivering over 3,600 weekly services on the L2 and L3 today and operating vehicles that can carry up to 450 people per service with a turn-up-and-go frequency between 7.00 a.m. and 7.00 p.m. in each direction weekdays. There have been more than 18 million passenger trips on the service since the service commenced and end-to-end journey times have improved from 45 to 50 minutes to an average of 32.75 minutes in October 2021. The light rail has transformed George Street into a more attractive place to visit with the creation of a sleek pedestrian boulevard.

As part of the program, light rail has been a catalyst for renewal and redevelopment and has changed the way pre-COVID the city of Sydney and the CBD operated. In 2019 in the CBD core, when compared to an August 2015 base line, there had been a reduction of 13 per cent of traffic entering the City of Sydney between 6.00 a.m. and 10.00 a.m. each day. That is between 8,000 to 9,000 fewer vehicles entering the city of Sydney every single morning between 6.00 a.m. to 10.00 a.m. That has resulted in a significant improvement to pedestrian amenity, safety and walkability within the city. It has changed the amenity for pedestrians and completely revitalised the way we interact with the city. The project delivers improved public transport access to major supporting entertainment precincts and has been part of the integrated network that links buses, trains and ferries. Our approach to delivering those benefits will continue through to delivery of the service and we look to build on our returning customers more broadly and helping them get around the city of Sydney and the south-east and enjoy post-COVID environments.

The CHAIR: Thank you for that. Mr Park, does that satisfy you?

Mr RYAN PARK: Just one: Would Transport for NSW recommend this project again? Do you stand by your recommendation in terms of light rail? I mean, it is a long time since we have even seen a project benefit. We know the cost has blown out. Do you stand by that?

Mr ISSA: I am happy to take that question on notice. What we are here today to talk about is the audit recommendations and the benefits realised and I think, from an outcome, the Sydney Light Rail has been a significant game changer for the city of Sydney and the south-east. The benefits realised in George Street and the pedestrian boulevards has been amazing. People look to George Street as an example of a great place where we pedestrianise people and places over traffic and congestion. As someone who has been in this business for some time, I can recall buses being queued from Circular Quay to Central with gridlocked traffic back-to-back every morning and every afternoon, trying to get our customers across the network. So I am happy to talk to the benefits; I cannot talk about what we would and would not do to a hypothetical question.

The CHAIR: Mr Issa, thank you for your response. Obviously, the interest and the remit of the Public Accounts Committee is quite broad and I have no problem with the question that has been put forward by Mr Park.

However, I do agree that it is off the program you are here to answer to, but I think you indicated it can be taken on notice and you might wish to be more expansive in a further response. I thank Mr Park for the question and thank you for your answer. I am just going to look to the Auditor-General, if there is anything else.

Ms CRAWFORD: Thank you, Chair, I am going to defer to Ms Migotto.

Ms MIGOTTO: Thank you, Chair. Just a couple of points of follow-up. Recommendation 1 asks for an actual average journey time, not the proportion of services that meet journey times within a four-minute tolerance. The recommendation also asks that this be reported on a weekly basis. So the journey time that we are requesting in the recommendation is consistent with the project deed. I will just make that comment. Also, more broadly, noting that this audit is the second audit of this project and that we have commented on the lack of transparency on project costs and the lack of accuracy in forecasting likely project costs in both audits, I think it is safe to say we do not consider that satisfactory progress has been made in this regard over the course of these two audits.

Mr ISSA: In terms of the first part of the question, in terms of performance auditing, I acknowledge the recommendations in the audit report around our publishing performance, we have published performance in line with the way we publish performance across all our services consistently, which is monthly and across the KPI. We have taken that and we have done that consistently since November 2020. I can confirm the average journey time is 32.75 minutes for the service and we expect that to be improved further with a new timetable being introduced in December this year. So we are well within the average journey time across the services and we are well and truly exceeding our performance against the KPI. But in terms of the way it has been published on the website, we have taken a consistent approach across all our modes to deliver that. Just in terms of the follow-up question, because it was a two-part—apologies to your—

Ms MIGOTTO: It was not a question. That is fine.

Mr ISSA: It was just an observation? Okay.

Ms MIGOTTO: To you, Chair, yes, it was not a question.

The CHAIR: It was just a comment and I am sure that it will be noted as we progress. I think at this stage we probably have covered the breadth of the issues that we wanted to examine, so I can bring this to a conclusion. I do not believe there are any other questions from Mr Park, Mrs Davies or Mr Clancy. I thank you each for appearing before the Committee today. The Committee may wish to send you some additional questions in writing, the replies to which will form part of your evidence and be made public. Would you be happy to provide a written reply within five days to any further questions?

Mr ISSA: We will, thank you.

The CHAIR: Thank you very much for that and I note that there were two issues that were to be taken on notice that could be part of that. Thank you very much for your attendance today and for your provision of that evidence.

(Mr McCormick, Mr Issa and Mr Bennett withdrew.)

(Short adjournment)

MARGARET CRAWFORD, Auditor-General, Audit Office of NSW, on former oath

CLAUDIA MIGOTTO, Assistant Auditor-General, Audit Office of NSW, on former oath

IAN GOODWIN, Deputy Auditor-General, Audit Office of NSW, on former oath

CATHERINE D'ELIA, Deputy Secretary, Department of Communities and Justice, sworn and examined

The CHAIR: I will recommence the hearing of witnesses in relation to the Audit Office reports. This is Performance Audit 329, Supporting the District Criminal Court. I welcome Ms Catherine D'Elia from the Department of Communities and Justice. Could I ask if you could please confirm that you have been issued with the Committee's terms of reference and information about the standing orders that relate to the examination of witnesses?

Ms D'ELIA: Yes.

The CHAIR: Do you have any questions about this information?

Ms D'ELIA: No.

The CHAIR: I would normally ask you to make a very brief opening statement if you wish to, but just before you do that I wish to draw to your attention that there is a greater audience of the Committee: we have a number of members online. I just want to acknowledge that we have with us the deputy chair, Mrs Tanya Davies, the member for Mulgoa; Mr Ryan Park, the member for Keira; and Mr Justin Clancy, the member for Albury, who will be contributing remotely. With that, I now ask you if you would like to make a brief opening statement?

Ms D'ELIA: Yes, thank you. Thank you for the opportunity to attend today's public hearing for the examination of the Auditor-General's performance audit reports and to answer questions on the 2019 performance audit supporting the District Criminal Court. We thank the Audit Office of New South Wales for providing a detailed report on the subject. The supporting of the District Criminal Court performance audit provided useful feedback for the Department of Communities and Justice. We accepted in full or in part almost all of the report's recommendations and committed to positive steps and actions in response. Most action plans and response to the report's recommendations have been completed. These include actions in response to recommendations related to improving how we deal with data and technology in the District Court and improvements we have made to our already robust monitoring and evaluation of the Early Appropriate Guilty Pleas [EAGP] reform.

The report focused on two areas of this complex support system—data and technology—as well as considering the implementation of the EAGP reform. This implementation process began in April of 2018. The District Court of New South Wales is the busiest trial court in Australia and a complex jurisdiction of serious criminal offences, appeals from lower courts and civil proceedings. The department supports the District Court in a myriad of ways including, but not limited to, the provision of jury management services, court support officers, court security services and prisoner transports. We put in place nine management action plans to address six of the seven recommendations made in the report.

In response to the Public Account Committee's letter of 8 December 2020 requesting an update on the management action plans, on 27 January 2021, the department wrote to advise that we had completed seven of the nine action plans. The remaining two actions plans at that time were ongoing and had been integrated into our outcome budget planning process. The department had also gone beyond the recommendations of the report—for example, in August of 2021, the NSW Bureau of Crime Statistics and Research [BOCSAR] published two evaluations of the EAGP reform. The first BOCSAR report compared cases initiated before and after the EAGP reform, finding that the reform succeeded in increasing early guilty pleas and weekly finalisations in the District Court. The second BOCSAR evaluation examined whether stakeholders considered that the EAGP reform was being implemented as planned. It found that stakeholders considered that many of the aspects of the reform were being delivered as intended.

The department continues to work closely with key stakeholders on the implementation of EAGP reform, noting that BOCSAR evaluations indicated scope for improved implementation. In addition, the measures previously completed have secured additional funding that we were able to invest in critical information and communications technology [ICT] infrastructure for the department. The Protected Highly Sensitive Data and Increase Productivity program, called PHSDIP, will improve the department's technology landscape including across courts and tribunals. For the courts and tribunals, the key areas of improvement include audiovisual link [AVL] improvement where over the past 10 months we have implemented in 18 courts AVL. The AVL program is on track to upgrade a further 38 courts and user computing where the program is delivering on a modern, stable user device, which is a laptop or desktop, for all users across the department, and upgrading to Windows 10 technology, such as 365 and OneDrive, and wi-fi access to better support end-user computing in courts. It will be

introduced so that the judiciary departmental employees and other court users are better connected when working with the New South Wales courts and tribunals. The department continues to support the District Court and, as you can see, is continuing to enhance that support as needed. I am happy to take questions that the Committee members may have.

The CHAIR: Thank you for that opening statement. I note that you have been quite broad and specific but you have covered broadly many of the issues of interest, so we may well be asking questions that you feel that you have answered. Assume that you should still answer the question rather than reference your statement.

Ms D'ELIA: I am happy to answer questions.

The CHAIR: Recommendation 1 relating to "develop a strategic framework for improving and managing court data"—and, once again, I acknowledge that you have touched on much of that—if you could say what are some of the strategies implemented to improve and manage the court data in a bit more specific terms.

Ms D'ELIA: At the time that the audit was done we had just started, not even really put together, a data team. Since the audit has been done we have created an entire data team that works in order to support court data. So we now have more regular reporting, more consistent reporting and better tools in doing that reporting. We have—and you will please excuse me because I do not have it in front of me—data-based technology that allows us to drill into the information that is provided in JusticeLink, which is our case management system, in order to better assess how the courts are performing.

The CHAIR: Is that a direct response to the oversight and recommendations of the Audit Office, or at least been informed? Has the implementation of that process been improved by the recommendations of the Audit Office?

Ms D'ELIA: It would have been further informed. The intention had been there when the audit was initiated, but it would be further informed by the audit that was completed.

The CHAIR: Thank you for that. I am just going to look to Mr Evans.

Mr LEE EVANS: Thank you, Mr Chair. Recommendation 3, "align its internal benefits realisation guidance with the NSW Government's Benefits Realisation Management Framework", can you provide an overview of the plan that has been implemented for monitoring and evaluating EAGP reform, considering that was in 2019 and I presume that has moved on?

Ms D'ELIA: You are asking how we monitored the—

Mr LEE EVANS: The appropriate guilty pleas reform. The audit was done in 2019, so I assume—

Ms D'ELIA: That was the subject of two BOCSAR reports that reported as to the success of the program of reform. The program itself was governed by a committee. That committee consisted of all of the members in the judicial process—from the judiciary to the department to the Office of the Director of Public Prosecutions, Legal Aid and police. That body was the governing body that tracked the progress of the rollout of the reform program, and then BOCSAR did the two reports that I mentioned in my opening statement that assessed the success of the program.

The CHAIR: Thank you. I look to maybe the deputy chair, Mrs Davies.

Mrs TANYA DAVIES: Thank you, Mr Chair. My apologies if my question could be touching on matters you have already discussed, just that the volume is not very good at my end. I just wanted to follow-up in relation to recommendation 1. What have you implemented in terms of strategy to improve and manage your court data, the quality of data and the database used in the courts?

Ms D'ELIA: As I mentioned, since the audit has been completed we have developed an entire data team that did not exist previously. We have hired a team that comes in and draws the data from our case management systems and other sources, and now has more regular reporting and also has better technology tools that allows us to mine the data and to then generate the report. So we have put in place a whole array of regular reporting, ad hoc reporting, and we have the team that does the analysis of the reporting as well.

Mrs TANYA DAVIES: Okay. Mr Chair, just a follow-up from that. I apologise if you needed to repeat that. In terms of putting that team together and the reports that you are generating, have you looked at other jurisdictions to see what data mining they are generating and how they are using that data to improve their court system that we can learn from those other jurisdictions, or are you really just getting your own house in order, so to speak?

Ms D'ELIA: One of the ways that the court is managed is that the executive director and the director for the data team meet regularly in a group called ACAG, which is the Australian Court Administrators Group.

That Australian Court Administrators Group discusses things such as what are the reports that are generally conducted, but they also contribute to a working group that informs the Report on Government Services [RoGS] committee. So those two teams would be sharing best practice when it comes to data and reporting.

Mrs TANYA DAVIES: Thank you, Mr Chair.

The CHAIR: Ms D'Elia, if I could just follow-on from that question about the data team. I think you indicated that the data team comes in—I am assuming that it is a private company?

Ms D'ELIA: No.

The CHAIR: So it is actually part of your system?

Ms D'ELIA: Yes.

The CHAIR: So it will remain as an entity within the system?

Ms D'ELIA: Yes. The team is a group of public servants; they report through a director into an executive director and then to the deputy secretary for courts and tribunals.

The CHAIR: Okay. Thank you for that explanation. I look to Mr Singh?

Mr GURMESH SINGH: Yes. Recommendation 7, "evaluate options for improving the delivery of technical support to regional and rural courts and commence implementation of the preferred option." Are you able to provide us an overview of how the actions that were taken since the audit have improved response times for IT technical support in regional courts?

Ms D'ELIA: One of the things that has happened since the audit was done is that we have had the Machinery of Government [MoG] change and, as a result of that, our IT team is broader than it had been previously and there are now currently staff located in regional parts of the State who are able to support the court.

The CHAIR: I note Mr Park is not indicating he has any questions, but I am just looking to Mr Clancy to see whether or not he had anything he wished to ask.

Mr JUSTIN CLANCY: Thank you, Chair, and thanks, Ms D'Elia. In regards to the ACAG, are we seeing data that we are capturing as sort of parallel with other jurisdictions in terms of that? Are we building KPIs that allow a benchmarking apples with apples with other jurisdictions? Is that part of the design process?

Ms D'ELIA: I think if you were to take a look at the RoGS, one of the challenges with data and the way that the courts are managed across other jurisdictions is that we are quite different. Even RoGS, we do not compare apples with apples; there is quite a lot of manipulation that has to happen to the data in order to try to find like for like comparisons. What we are able to do is to take into consideration what are some of the best practices, where we can find measures of efficiency that are often discussions along those lines of what could be considered. Our data, we were starting from a much lower base than from some of the other jurisdictions because we did not have a data team, whereas other States did—they started a bit more advanced than we were in terms of being able to do the work. The team is doing a lot of work taking a look at things such as the quality of the data, which was one of the things that was drawn out in the audit. So they are able to go back to our frontline staff in order to tell them where they have found errors, do some clean-up and those kinds of things, which is a good start in order to do some of those comparisons.

Mr JUSTIN CLANCY: You said you are finding that you need to go back to your front line and ask them to modify their process in order to improve the quality of data.

Ms D'ELIA: Yes, often there is a requirement for refresher training more so than process change, but it is often that we find by looking at the data you can see pockets where maybe the data is not as good as it should be and then you are able to drill down to find a root cause, and that root cause often is new staff or turnover that requires refresher training.

Mr JUSTIN CLANCY: Thank you, Chair.

The CHAIR: Thank you. Ms D'Elia, can you speak more to the Early Appropriate Guilty Pleas reform, just how it is working, but also could you provide us with an update on the economic benefits that are presumed from it?

Ms D'ELIA: I may need to take some of that on notice; I might not be able to answer all of it to your satisfaction. Early Appropriate Guilty Pleas was a way that actually changed the way a matter came before the court. In the past, people were able to plead guilty up to quite a late point before a matter commenced before the court and, in doing so, could still, by pleading guilty, get a reduction in their sentence. Early Appropriate Guilty Pleas brought a lot of that work forward and required it to happen through a consultation process that had to

happen before a matter was to start on the first day of a trial. The change required significant change not only for the way that the court operated, but also for other parts of the system.

So everything from the police prosecutors and how they brought a matter before the court, to the DPP and how they negotiated the matter, to the way the judiciary operated and, similarly, how the court was then supported, and other parties such as Legal Aid. The benefits to the process should be that fewer trials fell over, as it were, because they pleaded guilty on the day that the matter was supposed to start. So the efficiency was throughout; all of the people preparing, they should have known at an earlier point in time that they did not have to prepare for a trial. In terms of the actual benefits, I do not have that in front of me.

The CHAIR: Obviously, prima facie, the quite extraordinary amount of time invested from all of those areas that you spoke about taking a case up to trial at a point where people can then plead guilty, which is basically—even though there has been a major expenditure getting it there, there is a big gap which provides a saving, but you cannot quantify what that might be at this stage.

Ms D'ELIA: I do not have it. I could go back to the BOCSAR report.

The CHAIR: That is fully understandable. That is fine. I thank you for your understanding of that. I just look to my colleagues. Unless they indicate that they have any other emerging questions from that, I am going to look to the Audit Office, to the Auditor-General.

Ms CRAWFORD: Just very briefly. I am really pleased to hear about the progress that has been made, and the systematic approach to actually tracking that progress against the recommendations has made it really easy for us to assess that progress, so thank you for that. Just very briefly on the matter of data quality—and we have heard a little bit about that today—for the purposes of the audit report there are two facets to data quality: one is that it enables you to get a system-wide view; the other was around the impact on individuals in the court system, potentially negatively impacted by errors in loading data into JusticeLink and so on. So that was another aspect that we were looking to see improved, but I think you have outlined how that might occur going forward. On Early Appropriate Guilty Pleas—I appreciate you have taken that question on notice—it would be interesting to see the economic benefits given that they were defined quite clearly in the business case as well. Thank you, Chair.

The CHAIR: Thank you for that. There do not appear to be any further questions at this stage. I think that will assist you with your timetable as well.

Ms D'ELIA: Thank you.

The CHAIR: Ms D'Elia, I wish to thank you for appearing before the Committee today. The Committee may wish to send you some additional questions in writing, the replies to which will form part of your evidence and be made public. Would you be happy to provide a written reply within five days to any further questions?

Ms D'ELIA: Yes.

The CHAIR: Thank you very much and, once again, thank you for appearing here today.

(Ms D'Elia withdrew.)

MARGARET CRAWFORD, Auditor-General, Audit Office of NSW, on former oath

CLAUDIA MIGOTTO, Assistant Auditor-General, Audit Office of NSW, on former oath

IAN GOODWIN, Deputy Auditor-General, Audit Office of NSW, on former oath

CARMEN RECHBAUER, Chief Executive, HealthShare NSW, sworn and examined

ALFA D'AMATO, Acting Deputy Secretary, Financial Services and Asset Manager and Chief Financial Officer, Ministry of Health, NSW Health, sworn and examined

MICHAEL GENDY, Chief Procurement Officer, NSW Health, sworn and examined

The CHAIR: We will now hear from representatives from NSW Health for the Public Accounts Committee's inquiry into the Auditor-Generals' performance audit report 328 for HealthShare NSW. We have the Audit Office in attendance: Auditor-General Margaret Crawford, Mr Ian Goodwin and Ms Claudia Migotto. Online we have three members of the Committee: the deputy chair, Mrs Tanya Davies; Mr Ryan Park, the member for Keira—he is not there at the moment but he could pop in; and Mr Justin Clancy, the member for Albury joining us remotely. I welcome the representatives of the Ministry of Health and HealthShare NSW. Thank you for appearing before the Public Accounts Committee today. Can you please confirm that you have been issued with the Committee's terms of reference and information about the standing orders that relate to the examination of witnesses?

Mr D'AMATO: Yes.

Ms RECHBAUER: Yes.

Mr GENDY: Yes.

The CHAIR: Do you have any questions about this information? I would now like to ask if one of you would like to make a brief opening statement?

Ms RECHBAUER: Yes, I would, thank you. Today we are going to provide an update on the progress that we have made with contract management within NSW Health since July 2021. I can confirm that we have addressed all of the three key recommendations. I would just like to provide a bit of context for the Committee in terms of the environment that we have been working in since the Audit Office report. I think it is important to note that the delivery of procurement and supply chain services in NSW Health is complex, requiring many organisations and stakeholders to work collectively to deliver positive outcomes for patients. NSW Health's overarching governance model is devolved in nature. Our secretary often says this allows for a tight-loose approach—for example, some things are better managed centrally by the ministry and statewide services such as HealthShare, whilst others are managed better locally at each of the local health districts.

This model has served the citizens of New South Wales well during COVID. We had a centralised or a tight approach to purchasing critical personal protective equipment and other important products that were in short supply globally. Whilst the COVID pandemic highlighted the strengths of our procurement model, it also exposed areas in need of improvement in addition to those outlined in the Audit Office report, and these were addressed agilely through the crisis. NSW Health has since embarked on a significant procurement and supply chain reform program to embed the learnings of COVID into our business-as-usual operations. Contract management, as identified in the 2019 Audit Office report, is included in the framework and we have taken a risk and dollar lens to contract management plans as opposed to a blanket approach across the system.

Other work included in the reform program are ensuring that roles and responsibilities are clear and consistent for all stakeholders; a review of the policies and procedures to ensure that they align with the roles and responsibilities; improving the efficiency and effectiveness of the procurement and supply chain through improved procedures and enhanced technology; and, of course, ensuring solid governance that the program is not only robust but sustainable and represents all stakeholders. NSW Health is a dynamic organisation that requires strong governance, but it also needs to maintain agility and flexibility. I am confident that as a system we are not only addressing the recommendations of the audit report in relation to contract management, but we have also taken the opportunity to ensure that all activities that feed in and out of contract management are also strengthened. We do have additional information on these initiatives and those referenced in our submission and they can be provided separately to the Committee if you wish. Thank you.

The CHAIR: Thank you. At the start, I acknowledge that NSW Health is certainly at the pointy end of the huge issues relating to the COVID-19 pandemic response. The work environment that you are in must have been very interesting, to say the least, in making sure that the health needs were provided for. That said, we are dealing with the recommendations of the Audit Office in the audit report 328. If I could, to start, go through some

of those recommendations, which you have touched on. I have got no doubt that many of the issues you have raised in your opening statement will be touched on by questions from the Committee. If you could appreciate that we would still like them answered for the record. Recommendation 1, which I am sure you can recite off the cuff, states that, by November 2019, the Health Administration Corporation should notify the NSW Procurement Board of the results of this audit in relation to the non-use of contract management plans as a trigger event under the Accreditation Program for Goods and Services Procurement.

Ms RECHBAUER: Michael Gendy, our Chief Procurement Officer, is going to respond to the detail of those questions, but I am happy to answer anything more broadly.

The CHAIR: Thank you. I will just go through some specific questions in relation to that. First, how would you define a "trigger event" under the NSW Procurement Accreditation Scheme and could you provide some examples?

Mr GENDY: The Procurement Board was notified of the outcome of the Audit Office report, and through the conversations with the Procurement Board it was deemed that any accreditation-related matters are dealt with at the Procurement Leadership Group [PLG] level, which is governed by the Procurement Board and sits under the Procurement Board. The Procurement Leadership Group further reviewed the outcome of the report and constituted that this event does not constitute a trigger event, even though, from a Health perspective, we were ready to actually go down that path. That was noted in a meeting that was conducted in early April this year and it is also entered in the minutes for the Procurement Leadership Group.

The CHAIR: Moving on, can you explain why the non-use of contract management plans by HealthShare NSW did not constitute a trigger event under the NSW Procurement Board accreditation program?

Mr GENDY: I guess the simple answer would be that there were contract management plans utilised but not across all contracts.

Mrs TANYA DAVIES: I do apologise, Mr Chair. Could you ask the witness to speak a little more closely to the microphone please?

Mr GENDY: Apologies. Whilst it was deemed that there were some contract management plans not completed for all agreements, there were a number of agreements that we actually had contract plans in place and, through the conversations with the Procurement Leadership Group—again, that is a conversation with them—it was deemed that this does not constitute a trigger event and it was closed off by the chair of the Procurement Board.

The CHAIR: Okay, thank you.

Ms RECHBAUER: I think it is also worth noting that the Procurement Board is very well aware of the broader initiatives that Health are undertaking at the moment with respect to the procurement and supply chain, and also understand how the contract management piece fits into that.

The CHAIR: I am sure there are people here who have a better understanding of how that works than I do, but I appreciate that additional advice. I am not sure if this will go to Mr Gendy as well. Can you detail how obligations under the Accreditation Program for Goods and Services Procurement are being met in the absence of a trigger event action plan?

Mr GENDY: Whilst there is, I guess, obviously a gap and an opportunity that was highlighted in the report around contract management and contract management plans, there is a broader procurement policy that NSW Health, that I am responsible for, and governs all procurement across NSW Health—not just in the ministry or HealthShare, but across the whole system. That policy has a number of elements in there that must be met as part of the procurement lifecycle—contract management is only one of them—and whilst there was an opportunity in this area, all the other areas as part of that cycle are sound and there is compliance across the board.

As Ms Rechbauer has highlighted, there is a broader procurement reform initiative in place that was triggered not only as a result of this but also, I guess, the report did trigger that procurement reform across Health to be conducted across the procurement eco system, which was initiated by the secretary, and obviously whilst contract management is one component of that lifecycle, we have looked at the entire lifecycle of procurement from end to end, hence why the Procurement Board—and, again, I cannot speak for the Procurement Board or the PLG—they are obviously in line and they are part of the steering committee and the governance group that reviews the procurement reform and is part of that to ensure that we are progressing according to the plan.

The CHAIR: Thank you. I shall just check with the deputy chair, Mrs Davies—first of all, Mrs Davies, was the sound improved? Would you care to ask a question?

Mrs TANYA DAVIES: Thank you, Mr Chair. Thank you, colleagues, for your time. Just continuing on this line of thinking, could you detail how obligations under the Accreditation Program for Goods and Services Procurement are being met in the absence of a trigger event action plan?

Mr GENDY: Every year, as part of the accreditation program and the requirements for the accreditation program being completed, there is an attestation that must be completed and there is a checklist with a number of requirements that we have to go through including publishing our future procurement plans, including publishing any upcoming tenders, compliance with our contract management policy, as well as the delegation framework and financial delegations within Health. All of that is done on an annual basis, and it has been recognised that in the interim we have done a number of actions which are detailed in the submission—which we can go through step-by-step—that will probably provide some of those answers to say, "Well, in the interim, here is what we have done, but there is also a number of automation elements that we are going to be undertaking to ensure that we can complete that loop completely." So there are a number of things I can go through, if the Committee wishes, to highlight some of that, but they are addressed in some of the other recommendations, I think.

The CHAIR: Thank you for that. Mrs Davies, is that all for now?

Mrs TANYA DAVIES: Thank you, Mr Chair.

The CHAIR: I will look to Mr Evans.

Mr LEE EVANS: Mine is quite a simple one. Is there any particular reason it is \$250,000 where it starts for the procurement?

Mr GENDY: I will answer that. There is a bit of history and legacy around where those limits are. Historically, the New South Wales Government procurement framework allowed a limit of \$1 million and anything above that then you would have to actually go out to market and have an open tender process. Within Health it has always been—and certainly before my time four years ago—at the \$250,000 limit. The overall New South Wales limit has been pegged back to \$657,000 as part of the free trade agreement, but we have still maintained that \$250,000 limit to ensure that we have a tighter compliance across Health. Given the federated system we have and the fact that it stretches across a number of local health districts, it is always felt that a \$250,000 limit provides a tighter compliance loop around the districts.

Mr LEE EVANS: Is it related to contracts or actually purchasing equipment, so to speak?

Mr GENDY: It is everything. Any procurement activity above \$250,000 the system has to come back in and utilise either HealthShare's procurement team, and if there is any deviation from the procurement policy, then a request for exemption has to be submitted to myself for approval.

Mr LEE EVANS: For example—during COVID you would have well and truly gone over with PPE, is it per purchase or is it per contract period?

Mr GENDY: The COVID pandemic, during that period there was the emergency procurement powers that came into play, and those emergency procurement powers, given the circumstances that the system was in and the whole State was in, essentially all those policies were put to the side and you have the emergency delegations come into play. There is still an element of approval and authority in there, but the system obviously has to respond to the pandemic in such a quick and spontaneous manner that all the usual elements and signatories were not in place, but there was certainly a level of approval at the top as part of the State emergency control command centre that was set up at Homebush and obviously under the command of the police as well as under other delegations that were in place.

Mr LEE EVANS: Thank you.

The CHAIR: I will just look to Mr Clancy to see if he has any questions.

Mr JUSTIN CLANCY: Thank you, Chair. With regard to recommendation 3 and the improvement plan and a couple of elements that were partially complete, specifically with regards to PROcure and the LHD specific contracts, could you give us a bit of an update on those elements please and if they are still yet to be completed? Have you got a sense of a time frame for the completion please?

Mr GENDY: Sure. Just for confirmation, you are referring to recommendation 3 (b), is that correct?

Mr JUSTIN CLANCY: Recommendation 3 (b) and 3 (c) thanks.

Mr GENDY: Okay. For 3 (b), following the release of the audit report on 31 October 2019, a detailed plan was developed and approved by the former executive director of Strategic Procurement in HealthShare for uploading relevant contract management artefacts and implementing improved functionality in PROcure. HealthShare NSW currently has panel arrangements in place for head agreements which are established by

HealthShare NSW, and contracts within the local health districts. That panel arrangements template has been updated, where relevant, to reflect the findings in the audit report. In 2019 the Strategic Procurement Services group within HealthShare began uploading their panel agreements and contracts to PROcure, with the primary purpose of giving managers across NSW Health access to these contracts. These contracts were uploaded into the cure module, which is basically what we call that model, which is accessible to all registered users of PROcure. This module historically did not have the management capability, but that has been upgraded, and the primary purpose at that stage was to only list contracts that are greater than 150; however, that is now being utilised for more contracts in this.

Since then, 62 medical contracts worth approximately \$5.42 billion, and 23 corporate contracts worth \$1.29 billion have been uploaded into PROcure, and documents that are currently maintained in PROcure under each panel agreement or contract include panel head agreements, contract user guides, supply performance reports, contract deeds and contract variations. Supplier assessment templates are currently being configured for each corporate contract to facilitate KPI management and these will be fully implemented and operational by 28 February 2022. Some of the procurement enhancements that have occurred to date include creation of a dynamic contract management workspace that outlines all pending tasks in the contract; enabling ability to segment contracts through robot functionality; implementation of supply performance review and supply satisfaction survey assessments to facilitate data collection on a supplier's performance; automation of assessments to ensure these are completed in a timely manner; better key contracts management templates for users to use in the system; and enabling an analytics dashboard containing several simple and complex dashboards that have been designed to answer questions that span across the breadth of PROcure.

In addition, training has been delivered to the HealthShare procurement teams to ensure compliance to maximise benefits delivered by the enhancements, and the contract management functionality for local health districts was put into the PROcure test environment in November 2020 for testing and a pilot was completed with Murrumbidgee Local Health District, Sydney Local Health District and Mid North Coast Local Health District. The pilot sites tested contract management workspaces, supply performance assessments and the analytics dashboard. Feedback from these agencies was obtained and configuration was revised accordingly. The pilot sites approved the additional functionality in principle and is ready to be rolled out. Phase one will comprise of the pilot sites, followed by phase two comprising six to seven LHDs with the most experience in using PROcure and, following that, phase three will see the training delivered to the remaining NSW Health entities. It is anticipated that the complete rollout will take approximately nine months from the commencement to the completion. So I guess, in summary, there has been quite a lot of work done within the PROcure framework.

Mr JUSTIN CLANCY: Absolutely. I understand the size of the task there. From what you are indicating, to completion of phase three is the end of 2022.

Mr GENDY: Correct, yes.

Mr JUSTIN CLANCY: Thank you. Thanks, Chair.

The CHAIR: Thank you, Mr Clancy. I do not know that there are any other questions from my colleagues here. If I can from the chair, while I am supposed to be a fount of all wisdom it is not the case, I am going to look to the Audit Office to see if there are any follow-up matters that they believe have been not covered adequately.

Ms CRAWFORD: No, thank you, Chair. We do acknowledge that procurement across Health is massive and very complex. But I think Ms Migotto has just one comment that she wishes to make.

Ms MIGOTTO: Thank you, Chair. Just as a comment, I guess to recap on some of the main findings of the report, we found that the lack of contract management plans have the potential to significantly erode the value achieved through the procurement of goods and services. We also noted at the time that HealthShare's contract management practices were limited by a lack of performance reporting. The report also noted that the Health Administration Corporation was not reporting its non-compliance with accreditation obligations to the Procurement Board at that time. Given all these things, I think the Audit Office finds it surprising in terms of the reported decision of the Procurement Board for the reason that it did not constitute a trigger event, because that advice that has been provided seems to directly contradict some of the audited findings in the report.

The CHAIR: Thank you. While that obviously is a comment, I would like, if I could, to have that taken as a question from the Chair and if it can be responded to now that would be helpful, otherwise I would perhaps like to have it dealt with as taken on notice if it needs to be done that way. Could you provide a response to the further advice from the Audit Office?

Mr GENDY: I think it would be good if we could take it on notice and we can provide a response post the meeting today because I obviously cannot speak for the Procurement Board or the Procurement Leadership Group; that is a decision from their part.

The CHAIR: Okay, thank you for that. I will just check with my colleagues again if there are any further questions. It appears that there are not, so that will bring us to the end of the period for the taking of evidence. I thank you each for appearing before the Committee today. The Committee may wish to send you some additional questions in writing, the replies to which will form part of your evidence and be made public. Would you be happy to provide a written reply within five days to any further questions?

Ms RECHBAUER: Yes.

Mr GENDY: Yes.

Mr D'AMATO: Yes.

The CHAIR: Thank you. That concludes this session of the taking of evidence.

(The witnesses withdrew.)

The Committee adjourned at 11.10.