



Tasmanian
Audit Office



Report of the Auditor-General
No. 12 of 2013-14
Quality of Metro services

June 2014

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The Auditor-General's roles and responsibilities, and therefore of the Tasmanian Audit Office, are set out in the *Audit Act 2008* (Audit Act).

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We also conduct performance audits and compliance audits. Performance audits examine whether a State entity is carrying out its activities effectively and doing so economically and efficiently. Audits may cover all or part of a State entity's operations, or consider particular issues across a number of State entities.

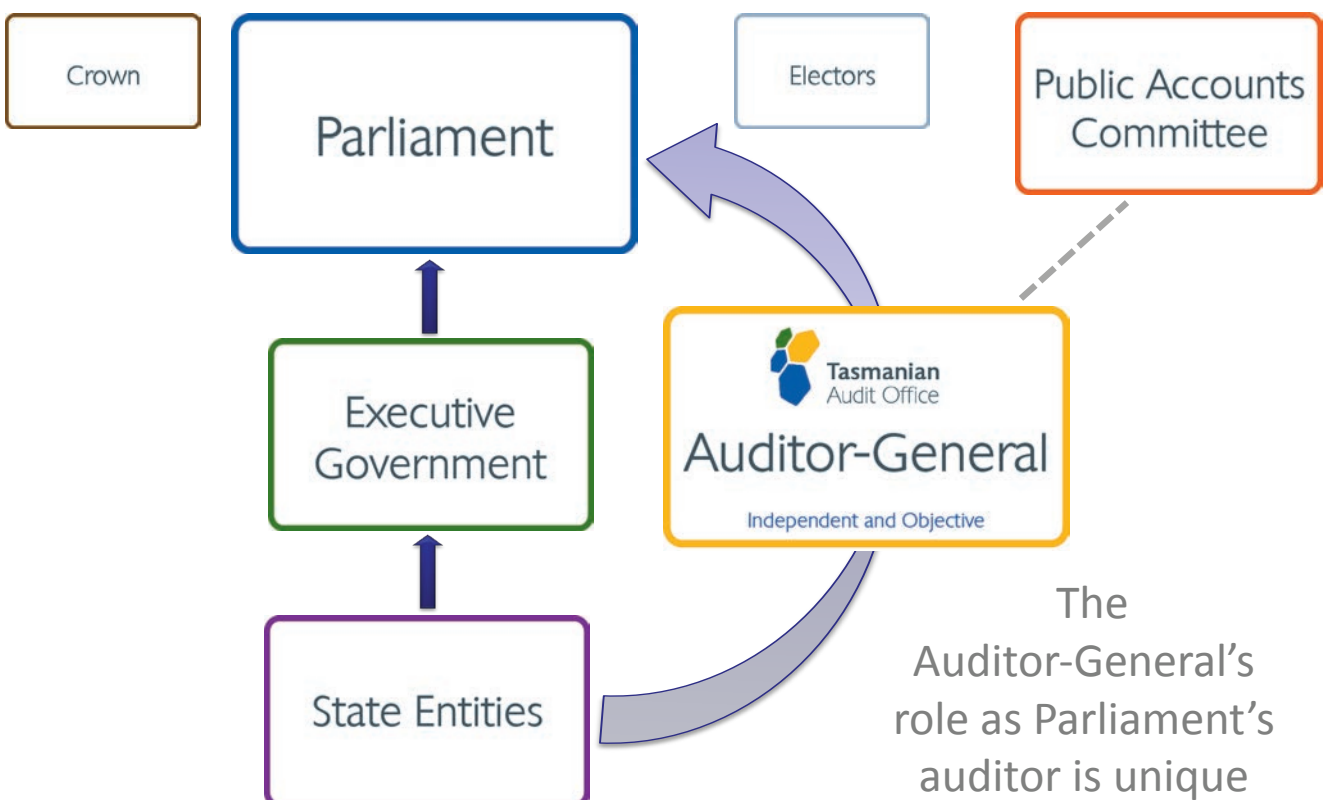
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2014

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PARLIAMENT OF TASMANIA

**REPORT OF THE
AUDITOR-GENERAL
No. 12 of 2013-14**

Quality of Metro services

June 2014

Presented to both Houses of Parliament in accordance with the provisions of the Audit Act 2008

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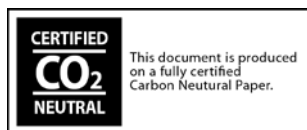
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26 June 2014

President
Legislative Council
HOBART

Speaker
House of Assembly
HOBART

Dear Mr President
Dear Madam Speaker

**REPORT OF THE AUDITOR-GENERAL
No. 12 of 2013–14: Quality of Metro services**

This report has been prepared consequent to examinations conducted under section 23 of the *Audit Act 2008*. The objectives of the audit were to assess the quality of services provided by Metro Tasmania Pty Ltd.

Yours sincerely

H M Blake
AUDITOR-GENERAL

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Foreword

Use of public transport systems (in Tasmania this means buses operated by Metro Tasmania Pty Ltd), is a right shared by everyone in our community. With studies showing that quality of service is more important in attracting passengers than changes in fares or the quantity of service, my office undertook this audit. In so doing, we excluded routes, schedules and pricing (the latter is subject to levels set by the regulator and government).

To make conclusions about the service quality, we focussed on various attributes, including:

- adequacy of information provided for intending passengers
- whether buses kept to timetables and routes
- whether bus trips were comfortable and safe
- alignment of services to community needs.

While we identified some areas for improvement about information available for intending passengers, route and timetable information existed in a variety of forms and was reasonably accessible.

With respect to meeting timetables, we found that Metro was not meeting its own service reliability standards and did not compare well with bus services in other jurisdictions.

Metro surveys showed that its customers rated the service as comfortable and safe. In particular, drivers were helpful to elderly passengers or those with a physical disability. Drivers were also seen as confident and competent in dealing with unpleasant passengers. However, while services for passengers who use a wheelchair were available, information about them was limited.

In considering alignment of services to community needs, we concluded that Metro adequately consulted its stakeholders.

The report contains ten recommendations. Nine are aimed at quality improvements that Metro should make. The remaining recommendation is directed to the Department of Infrastructure, Energy and Resources that is responsible for the contract outlining the quality standards that Metro is bound to deliver.

H M Blake

Auditor-General

26 June 2014

List of acronyms and abbreviations

Customer Charter	<i>Customer Service Charter and Conditions of Travel</i>
DIER	Department of Infrastructure, Energy and Resources
OTTER	Office of the Tasmanian Economic Regulator

Executive summary

Executive summary

Background

Metro Tasmania Pty Ltd (Metro) is the primary provider of urban public transport (buses) in Hobart, Launceston and Burnie. As a state-owned company, Metro has an independent Board of six directors and two shareholder ministers; the Minister for Infrastructure and the Treasurer. It operates a fleet of 220 buses (85 of which are wheelchair accessible), has 450 employees and services ten million boardings per year.

Bus services are delivered under a service contract with the Department of Infrastructure, Energy and Resources. Former contracts with Metro were highly prescriptive in terms of routes and timetables, but the New Service Contract (currently extended to December 2018) allows for Metro to progressively review its services to ensure alignment with community needs.

The overall effectiveness of the bus service, arguably, depends on various attributes including quantity of service (routes and schedules), fares and quality of service (including punctuality, availability of information, etc.).

Several studies have shown that the quality of service is more important in attracting passengers than changes in fares or the quantity of service. With that thought in mind, the objective of the audit was to form an opinion about the quality of Metro's services.

Assessing Metro services across Tasmania, we focused on the period between July 2011 and June 2013, although there were comparisons with some prior periods.

The audit excluded pricing (since that area is subject to periodic and thorough review by the Office of the Tasmanian Economic Regulator), routes and schedules.

Detailed audit conclusions

The audit conclusions are based on criteria that we developed to support the audit's objective and are aligned to the chapter structure of the Report.

Was adequate information provided by Metro?

Route and timetable information was reasonably accessible and existed in a variety of forms. Metro's complaint process was also easily accessible. Recommendations were made with a view to improve information availability to customers and to assist identification of opportunities for improvement.

Did Metro buses depart from stops on schedule?

We found that journeys along bus routes were completed in their entirety. However, Metro was not meeting its own service reliability standards and did not compare well with bus services in other jurisdictions. Accordingly, we recommended improvements in driver training, the use of ticketing system data and tightening of performance benchmarks.

Were bus trips comfortable and safe?

According to Metro surveys, its customers rated the service as comfortable and safe. Drivers were helpful to elderly passengers or those with a physical disability and were confident and competent in dealing with unpleasant passengers.

Information about services for passengers who use a wheelchair was limited.

Metro's accident rate was high but there was evidence of improvement in the last two reporting years.

Had Metro commenced reviewing its services to ensure alignment with community needs?

We concluded that Metro had undertaken a satisfactory level of review of its routes and schedules and that consultation had been adequate.

Recommendations made

The Report contains the following recommendations:

Rec	Section	We recommend that ...
1	1.2	<p>... Metro:</p> <ul style="list-style-type: none"> • updates the design of its website to ensure that the journey planner is clearly available on all pages • provides timetable information at all bus stops.
2	1.3	<p>... Metro improves its complaints classification system to better identify opportunities for improvement.</p>

3	2.2.4	<p>... that Metro either:</p> <ul style="list-style-type: none"> • amends its Customer Service Charter and Conditions of Travel, training materials and bus driver manual to clearly require that no early departures from any bus stops and that the standard be tightened to one minute <p>or</p> <ul style="list-style-type: none"> • increases the number of 'NOT BEFORE' bus stops so there is no likelihood of buses being significantly early at 'in between' stops.
4	2.2.4	<p>... Metro should:</p> <ul style="list-style-type: none"> • thoroughly test the accuracy of ticketing system data and take action to ensure that all sections of the organisation have confidence in it • use that data to provide regular feedback to bus drivers who <u>consistently</u> fail to meet the early departure benchmark • discontinue reliance on time-consuming 'validation' of each service reliability complaint to provide feedback to bus drivers.
5	2.2.4	<p>... ticketing system data be used to annually check that scheduled times between stops are reasonable, rather than relying on bus drivers to report concerns.</p>
6	2.2.4	<p>... bus drivers who consistently fail to meet the early departure benchmark receive training in techniques to keep to schedule.</p>
7	2.2.4	<p>... DIER seeks to modify the contract with Metro to be more prescriptive about quality standards and detailed reporting requirements from Metro.</p>
8	3.4	<p>... Metro improves access to information about its wheelchair services</p>
9	3.6	<p>... Metro prioritises further reduction of its accident rate.</p>
10	4.2	<p>... the working papers for major decision making at Metro should be appropriately stored and readily retrievable.</p>

Audit Act 2008 section 30 — Submissions and comments received

Audit Act 2008 section 30 — Submissions and comments received

Introduction

In accordance with section 30(2) of the *Audit Act 2008*, a copy of this Report was provided to the state entities indicated in the Introduction to this Report.

A summary of findings, with a request for submissions or comments, was also provided to the Minister for Infrastructure and to the Treasurer.

Submissions and comments that we receive are not subject to the audit nor the evidentiary standards required in reaching an audit conclusion. Responsibility for the accuracy, fairness and balance of these comments rests solely with those who provided the response.

Metro Tasmania Pty Ltd

Metro, its Board, Management team and employees are continually striving to improve and refresh the quality of our services to all our customers and stakeholder base.

This imperative is embedded in our corporate plan and is a central component of the Company's cultural enhancement program ("Better Metro") currently being rolled across the organisation to make Metro a Tasmanian bus company all are proud of.

Thank you for the opportunity to respond to the Tasmanian Audit Office's (TAO) report. As Metro has stated previously, we feel that many of the matters considered in the TAO's report are contractual management matters that should have been addressed by the Department of Infrastructure, Energy and Resources as part of their ongoing contract management.

Metro management provides the following comments in relation to the Recommendations of the report.

Recommendation 1 – updating the website and providing timetable information at all bus stops.

Metro is investigating the placement of the journey planner on the web pages that contain timetable and map information and considers this should be sufficient.

With regard to timetable information being provided at all bus stops, Metro considers that it is meeting its contractual requirements in terms of provision of information at bus stops. To provide timetable information at every stop is cost prohibitive and resource intensive. Metro will progressively roll out the placement of the HotLine number 13 22 01 at every stop where there is no information.

Metro is also developing an app to provide customers with timetable information, access to the journey planner and to manage their Greencard. Metro's management believes this is a much better use of Metro's limited resources than providing timetable information at every stop and upgrading the website.

Recommendation 2 – Metro improves its complaints classification system to better identify opportunities for improvement.

Metro agrees that there may need to be a review of the appropriateness of the complaints classifications, however this will require capital investment as it requires software enhancements and will require funding to be reallocated from other projects.

Recommendation 3 – Metro either amends the Customer Service Charter and Conditions of Travel, training material and bus driver manual to clearly require that no early departures from any bus stops and that the standard be tightened to one minute OR increases the number of "NOT BEFORE" bus stops so there is no likelihood of buses being significantly early at 'in between' stops.

Metro does not agree to the first part of the recommendation as without extensive bus priority across the network it is unrealistic to expect a bus to run to schedule at every bus stop. Predicting when a car will reach its destination is difficult enough without having to stop every 500 metres, pick up and set down an unknown number of passengers at those stops and deal with varying traffic and weather conditions.

Metro agrees with the second part about increasing the number of 'NOT BEFORE' bus stops and will progressively introduce more 'NOT BEFORE' bus stops across the state.

Recommendations 4, 5 and 6 – Metro acknowledges the issues with the ticketing system data and it is working with the system suppliers to resolve them. When resolved Metro will implement the second two bullet points of recommendation 4 as well as recommendations 5 and 6.

Recommendation 7 – Metro has no comment.

Recommendation 8 – that Metro improves access to information about its wheelchair services.

Metro is currently working on improving the information provided about services provided by low floor accessible buses. The complexity of having a limited number of wheelchair accessible vehicles combined with the fact that there are differences in the levels of service provided on weekdays makes this difficult. Metro will discuss with the Department of State Growth the current requirement to allocate scarce wheelchair accessible vehicles to the services in the non-urban areas which carry fewer passengers than urban services. This currently makes it difficult to provide reliable information on wheelchair accessible services in the urban areas.

Heather Haselgrove
Chief Executive Officer

Department of Infrastructure, Energy and Resources

I note that the audit report includes a recommendation that DIER seek to modify the contract with Metro to be more prescriptive about quality standards and detailed reporting requirements from Metro.

DIER acknowledges the importance to the community of reliable bus services and supports this recommendation. Furthermore, some steps have already been undertaken to develop a set of reliability standards.

In 2012, DIER, Metro and the Department of Treasury and Finance undertook a review of a range of issues facing Metro with a view to better positioning the company as a provider of public transport in the future. One of the recommendations of that review is to review the urban contract to establish appropriate performance criteria for measuring service delivery. To this end, Metro and DIER have already engaged in the development of performance standards for the 'Turn Up and Go' trial operating on the Main Road between Hobart and

Glenorchy and will soon commence discussions on a set of performance standards to apply to urban services more generally with a view to improving outcomes for passengers.

Thank you for providing the opportunity to comment on the report.

Kim Evans
Acting Secretary

Introduction

Introduction

Background

Metro Tasmania Pty Ltd (Metro) is the primary provider of urban public transport (buses) in Hobart, Launceston and Burnie. As a state-owned company, Metro has an independent Board of six directors and two shareholder ministers; the Minister for Infrastructure and the Treasurer. It operates a fleet of 220 buses (85 of which are wheelchair accessible), has 450 employees and services ten million boardings per year.

Metro's urban bus services are delivered under a service contract with the Department of Infrastructure, Energy and Resources (DIER), whereby the department provides an agreed payment (\$37.5m in 2012–13) for delivery of specified services. Former contracts with Metro were highly prescriptive in terms of routes and timetables, but the New Service Contract (currently extended to December 2018) allows for Metro to progressively review its services to ensure alignment with community needs.

Metro derives revenue from multiple sources including passenger fares (\$11m in 2012–13). There are two mechanisms controlling the fares charged by Metro:

- Adult fares on scheduled route services are determined by the Metro Board but may not exceed maximum fares set out in the current Government Prices Oversight Order. Investigations of pricing policy are performed periodically by the Office of the Tasmanian Economic Regulator (OTTER).
- Fare increase mechanisms for all passenger categories are also specified in the contract and fares cannot be changed without approval from DIER and OTTER.

The overall effectiveness of the bus service, arguably, depends on various attributes including:

- quality of service (including punctuality, availability of information, safety, cleanliness, control of unpleasant behaviour)
- quantitative sufficiency of service (routes and schedules)
- fares.

Quality and quantity of service are primarily the responsibility of Metro, while prices are subject to maximums set by OTTER and Government policy (concession fares). Metro has

responsibility for developing routes and schedules, in accordance with service standards provided by DIER and requires approval from DIER when proposing substantial changes.

Several studies have shown that the quality of service is more important in attracting passengers than changes in fares or the quantity of service.

Audit objective

The objective was to form an opinion about the quality of Metro's services.

Audit criteria

The audit criteria that we developed for this audit addressed the following aspects of service quality:

- Was adequate information provided by Metro to its customers?
- Did Metro buses depart from stops on schedule and adhere to routes and timetables?
- Were bus trips comfortable and safe?
- Had Metro commenced reviewing its services to ensure alignment with community needs?

Audit scope

The audit assessed the quality of current Metro services across Tasmania.

However, we considered the extent to which Metro had progressively reviewed its services to ensure alignment with community needs (such as better service and serving more passengers) as envisaged by the new service contract.

We focused on the period between July 2011 and June 2013, although there were comparisons with some prior periods.

It excluded pricing (since that area is subject to periodic and thorough review by OTTER) and largely excluded routes and schedules.

Internal audit

Metro has an internal audit function but internal auditors had not considered any matters related to the objective and scope in recent years.

Audit approach

Consistent with the above audit criteria, we created a number of sub-criteria and set about finding answers to each. We sought appropriate audit evidence by:

- review of Metro's and other documents (such as comparable data from other jurisdictions)
- analysis of Metro data (particularly punctuality data and complaints records)
- discussions with senior Metro officers, bus drivers and relevant DIER staff.

Timing

Planning for this audit began in October 2013. Fieldwork was completed in April 2014 and the report was finalised in May 2014.

Resources

The audit plan recommended 500 hours and a budget, excluding production costs, of \$75 948. Total hours were 437 and actual costs, excluding production, were \$89 987.

Why we did this audit

Our intention to undertake this audit was publicly disclosed in the *Annual Plan of Work 2013-14*, available on our website. Metro is Tasmania's only publicly owned transport provider and we believed that it was timely to examine aspects of its service delivery. DIER has contracts with many private bus companies which provide bus services throughout Tasmania.

1 Was adequate information provided by Metro?

1 Was adequate information provided by Metro?

1.1 *Background*

People travelling by public transport rely on timetables and route information so that they can plan their activities. In order to make an assessment against this particular audit criterion, we posed two questions:

- Was timetable information readily accessible and comprehensible?
- Was the complaints process easily accessible?

1.2 *Was timetable information readily accessible and comprehensible?*

To help its customers in making decisions about their bus journeys, Metro has to make information about timetables and routes available in different ways. Accordingly, we reviewed Metro's website, the telephone information service, information located at bus stops and paper-based guides.

Website

The website includes a 'Journey planner' which we considered highly useful, accessible and comprehensible. On the other hand, a user accessing the website using a search engine might choose the timetables page instead of the home page and by doing so remain unaware of the journey planner. Instead, the user would be provided with a list of separate timetables for bus routes of which several might be suitable for the intended trip. As a consequence, the user may need to identify and manually compare multiple timetables. Those timetables also include only a subset of bus stops on a route, leaving the user to estimate departure times for individual stops.

Phone services

Calls were initially answered by a recording but within 10–15 seconds calls were connected to an operator. The operators provided appropriate travel alternatives, even for deliberately more difficult queries. In all cases, the operators were courteous and helpful.

Smartphones were also able to access the user-friendly journey planner function.

Information at bus stops

Using a targeted selection, we inspected a number of bus routes around the state for availability of timetable information. We found that information was not provided consistently at all bus

stops, with supply of information varying from 47 to 77 per cent of stops along the selected routes.

Metro advised that it:

- complied with the New Services Contract requirement to provide information at 50 per cent of bus stops
- was investigating new methods to provide timetable information (such as smartphone apps)
- considered making bus stop information available universally as cost prohibitive and resource intensive
- had targeted information provision at more heavily patronised bus stops.

However in our view, timetable information should ideally be available at all bus stops.

Paper-based guides

Metro's paper-based timetables were available from Metro outlets and provided timetable and route information in a readily accessible and comprehensible format.

Surveys of customer satisfaction

As part of managing its business, Metro conducts customer surveys. Survey information that we examined regarding routes and timetables indicated that of people surveyed, 72 per cent found route and timetable information to be easy or very easy to use.

Route and timetable information was comprehensible and reasonably accessible. However, we noted some opportunities for improvement.

Recommendation 1

We recommend that Metro:

- **updates the design of its website to ensure that the journey planner is clearly available on all pages**
- **provides timetable information at all bus stops.**

1.3 Was the complaints process easily accessible and was the feedback used?

We wanted to determine how straightforward the process would be for Metro customers who wanted to lodge a complaint and what happened when complaints were received.

Lodging a complaint

On the website there was a contact page which included:

- a phone number for 'feedback'
- an email address for 'compliments or complaints'.

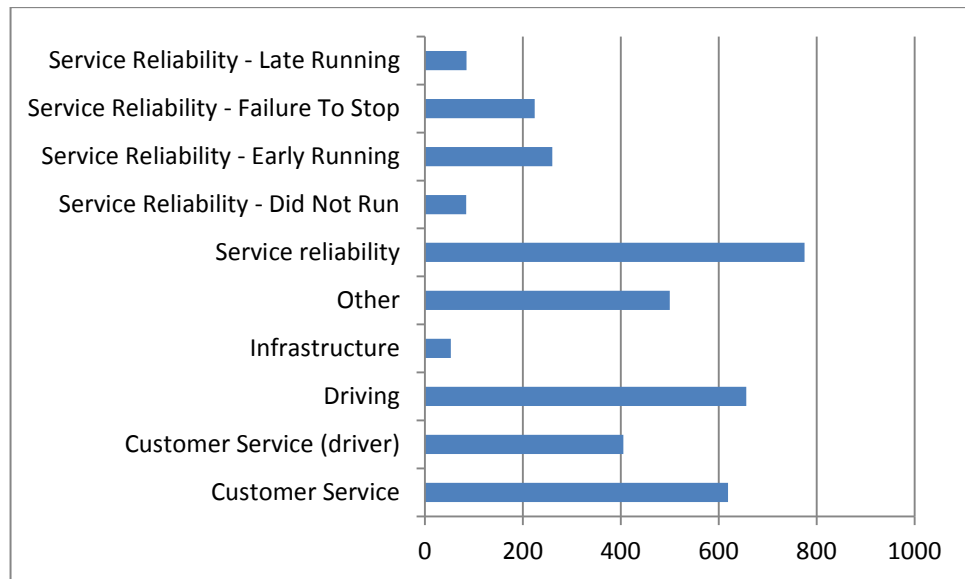
However, the website had no information about what response the complainant should expect or what information should be provided in making a complaint. That information was contained in the *Customer Service Charter and Conditions of Travel* (Customer Charter). However, our expectation was that while the Customer Charter should outline Metro's commitments to the customer, the website should provide information to assist the customer.

Customer satisfaction surveys

We also reviewed customer satisfaction surveys over three years from 2010–11 to 2012–13. Increasingly, complainants were satisfied by Metro's handling of their complaint; in 2012–13, that proportion had risen to 67 per cent. Given that customers were already disgruntled by the issue that led to the complaint, we regarded that result as positive.

Use of complaint data

We analysed complaint data over a two-year period (2011–12 to 2012–13). In that time, 3661 complaints had been received indicating that it was not difficult to lodge a complaint. Each individual complaint received attention, showing that the complaints process accessed is a genuine one. Figure 1 shows those complaints by type over two years.

Figure 1: Summary of complaints July 2011 to June 2013

Source: TAO based on Metro data

We found that the categories were insufficiently detailed (e.g. there was no separation of factors such as cleanliness, failure to respond to unpleasant customer behaviour) or inadequately differentiated (e.g. the distinction between driver and driving). As a consequence, there was likelihood that opportunities to improve Metro processes may be overlooked.

Metro's complaint process was easily accessible. However, inadequate and inaccurate categorisation of complaints lessened the capacity to learn from analysis of complaints.

Recommendation 2

We recommend that Metro improves its complaints classification system to better identify opportunities for improvement.

1.4 Conclusion

Route and timetable information was reasonably accessible and existed in a variety of forms. Metro's complaint process was also easily accessible. Recommendations were made with a view to improve information availability to customers and to assist identification of opportunities for improvement.

2 Did Metro buses depart from stops on schedule?

2 Did Metro buses depart from stops on schedule?

2.1 *Background*

For people wishing or needing to travel by public transport, reliability is a fundamental consideration. With that thought in mind, we developed the following sub-criteria to enable us to form an audit conclusion:

- Did departure time variations comply with benchmarks?
- Did departure time variations compare reasonably with Metro's past performance?
- Did departure time variations compare reasonably with transport services in other jurisdictions?
- Were the scheduled routes completed in their entirety?
- Was there evidence that customers were satisfied with bus reliability?

Our findings in relation to these questions comprise the following sections of this Chapter.

2.2 *Did departure time variations comply with benchmarks?*

In this Section, we determine a reasonable benchmark (Section 2.2.1), validate available data (Section 2.2.2), analyse Metro performance against it (Section 2.2.3) and review reasons why variations occur (Section 2.2.4).

In establishing benchmarks, we noted that it was common to have tighter benchmarks for early running than for being late. We thought that emphasis was appropriate, given the greater impact on intending passengers caused by missing the bus.

2.2.1 *What is the benchmark?*

Metro has a number of relevant standards incorporated in its Customer Charter, training materials, internal analysis and reporting to DIER.

Customer Charter

The Customer Charter aims for:

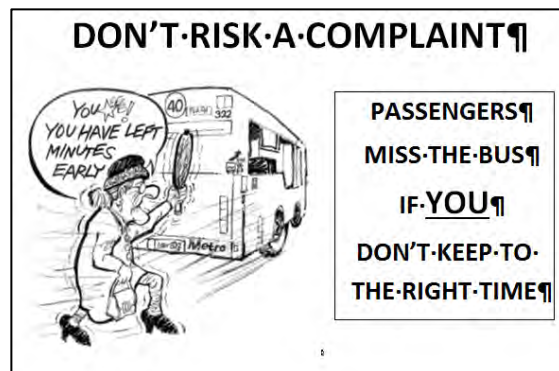
- eighty-five per cent of scheduled journeys to be no more than five minutes later than the published time

- all journeys to depart no earlier than scheduled, from their first stop or scheduled intermediate stops.

It was not clear whether the lateness goal was intended to apply to arrival at destination or to departures from bus stops along the route. We were also unclear as to the term ‘scheduled stops’, and how that related to the terms ‘timing points’ and ‘not-before timing points’ used in other Metro materials (see below).

Training materials

A cartoon graphic used in training reminds bus drivers of the impact on passengers of not keeping to schedule. Training materials require bus drivers to ‘not depart early and to adhere to on-route “timing points”’. However, other training materials only refer to



not departing early for ‘NOT BEFORE’ timing points¹.

Discussions with a small sample of bus drivers and with operations management indicated that it is only the ‘NOT BEFORE’ stops where drivers will delay, or are expected to delay, a bus trip in order to ensure the bus does not depart early.

Internal analysis and reporting to DIER

The New Service Contract with DIER requires quarterly reporting by Metro to DIER of various attributes of performance including reliability. The reports include the following:

- percentage of departures from bus stops where a bus departed within -3 / +5 minutes of schedule
- services arriving at destination no more than 3 minutes late.

The departures information is based on most bus stops and arrivals at route destinations, and is derived using distance-based ticketing system data from the buses’ electronic ticketing

¹ Driver’s Duty is a daily listing of routes to be driven by a specific driver with ‘timing points’ and ‘not-before timing points’ for the listed routes, those timing points being a subset of the totality of stops on the listed routes. Typically, listed timing points are approximately a quarter of all bus stops on a route and there are one to four listed ‘not-before’ timing points.

system (see Section 2.2.2). Internal reports also calculate percentages of buses arriving more than three minutes before scheduled arrival times.

Benchmark summary

Clearly, there was a range of possible benchmarks, against which, performance might be assessed with differences regarding which bus stops to be taken into account, tolerance for early departures and expected rate of compliance.

We also note in Section 2.4, that tougher targets were used in other jurisdictions. We decided that reasonable benchmarks to apply in our audit, given the needs of passengers, ambiguity of Metro targets and existence of ticketing system data, were:

- no more than 15 per cent of departures from bus stops should be more than five minutes late
- no departures from any bus stops should be more than three minutes early.

We applied these two benchmarks in Section 2.2.3.

2.2.2 Was ticketing system data reliable?

We relied on ticketing system data produced from the on-board electronic system on buses. At the start of the audit, we were advised by Metro of a number of concerns about system accuracy including:

- not correctly identifying the start of a trip when the first stop is the same as the last stop of a previous trip
- erroneously recording the start of a trip when a bus passes a known stop on a different route while transferring to its next scheduled route
- non availability of data in November 2013 and January 2014
- inaccurate readings as bus tyres wear (adversely affecting the system calibration), which can lead to the arrival time being recorded as earlier than it actually was.

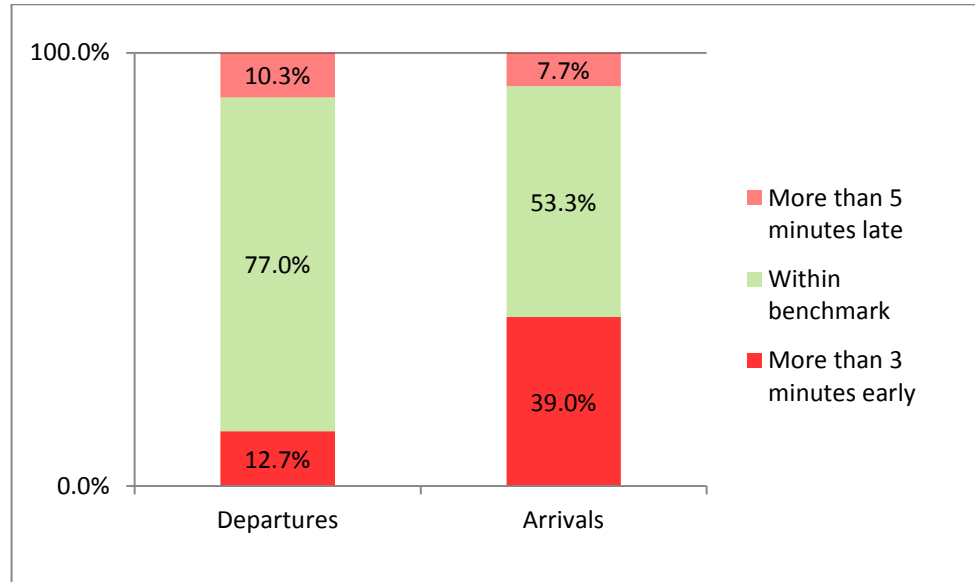
Metro had requested the system vendor to investigate, check and verify the system. Nonetheless, Metro advised that while the data was considered imperfect it believed the 'statistics reflect reality' and that adjustments were being made or the problems were minor.

We were satisfied that Metro’s ticketing system data was sufficiently reliable for our purposes.

2.2.3 Did results meet the benchmarks?

Metro’s results are summarised in Figure 2.

Figure 2: Metro service reliability 2012–13



Source: TAO derived from Metro data

Only 10.3 per cent of departures were late; a result that was well inside the 15 per cent benchmark. On the other hand:

- Of departures, 12.7 per cent were more than three minutes early — in other words, intending passengers arriving at their bus stops three minutes before scheduled times could expect to miss one in eight buses.
- Given that punctuality is better at earlier stops, it follows that later stops will tend to be worse than the average of 12.7 per cent. This proposition is supported by arrival data notwithstanding Metro’s claim that some leeway is built into later stages of each bus route.
- For later stops along the route, the percentage of departures more than three minutes early would be much worse, given the 39 per cent of buses arriving more than three minutes early at their destination.
- Only 77 per cent of departures were within the -3 to +5 minutes reliability window.

Based on these observations, departure times did not adequately comply with our derived 'earliness' benchmark (see Section 2.2.2) that no departures should be more than three minutes early. The lateness benchmark was largely achieved. Nonetheless, the overall impact of early and late departures was that nearly a quarter of bus departures were not meeting the benchmarks.

2.2.4 *What prevents Metro from achieving the benchmarks?*

In our opinion, the following factors have contributed to non-achievement of Metro's benchmarks:

- There were multiple conflicting benchmarks, as discussed in Section 2.2.1.
- The view was widely held by bus drivers and by operations management that only 'NOT BEFORE' bus stops matter enough to delay a trip.
- Bus drivers felt a degree of stress from passengers to continue with their trips and not delay at bus stops. On the other hand, some interviewed bus drivers believed they could keep to schedule without causing unease to passengers by small adjustments such as allowing extra time to ensure that boarding passengers were seated safely and being less aggressive about re-entering traffic.
- Would-be passengers who missed a bus because of early running were unable to provide equivalent pressure on bus drivers to keep to schedule.
- Some drivers had a view that there was less need for punctuality on outwards journeys (where most passengers board at the first stop or a relatively early school or shopping centre stop). Data analysis supported this viewpoint.
- Reduced congestion and boardings in peak times, and in school vacation periods, made it highly likely that buses would run ahead of schedule unless bus drivers took positive action to delay the trip. Data analysis supported this viewpoint.
- Ticketing system data was not used to identify and provide feedback to drivers who consistently left bus stops early. Instead, the occasional complaint was used, but those complaints were only validated for 'NOT BEFORE' stops.

- Bus drivers considered some of the scheduled times between stops to be unreasonable but for various reasons were unwilling to lodge a report about the perceived discrepancies.
- Metro’s contract with DIER lacks effective enforcement mechanisms in that it is not prescriptive about quality standards or detailed reporting requirements from Metro.
- Metro’s contract includes no effective sanctions. DIER cannot financially penalise Metro without Metro incurring losses. DIER also cannot practically terminate the contract with Metro since Metro owns the bus service infrastructure.

Recommendation 3

We recommend that Metro either:

- **amends the *Customer Service Charter and Conditions of Travel*, training materials and bus driver manual to clearly require that no early departures from any bus stops and that the standard be tightened to one minute**
- or**
- **increases the number of ‘NOT BEFORE’ bus stops so there is no likelihood of buses being significantly early at ‘in between’ stops.**

Recommendation 4

We recommend that Metro should:

- **thoroughly test the accuracy of ticketing system data and take action to ensure that all sections of the organisation have confidence in it**
- **use that data to provide regular feedback to bus drivers who consistently fail to meet the early departure benchmark**
- **discontinue reliance on time-consuming ‘validation’ of each service reliability complaint to provide feedback to bus drivers.**

Recommendation 5

We recommend that ticketing system data be used to annually check that scheduled times between stops are reasonable, rather than relying on bus drivers to report concerns.

Recommendation 6

We recommend that bus drivers who consistently fail to meet the early departure benchmark receive training in techniques to keep to schedule.

Recommendation 7

We recommend that DIER seeks to modify the contract with Metro to be more prescriptive about quality standards and detailed reporting requirements from Metro.

2.3 Did departure time variations compare reasonably with Metro's past performance?

To determine how Metro's performance had changed over time, we examined data from 2001 and 2006, when consultant reports were available. We found that:

- Despite the current more generous standards for early and late departures, the proportion of departures not within Metro's benchmark was 22 per cent in 2013 compared to 12 per cent in 2006 and 15 per cent in 2001.
- Tougher standards applied in 2001 and 2006 (e.g. lateness was then viewed as 3 minutes after the scheduled start, rather than 5 minutes).

While small sample sizes were used in 2001 and 2006 (and may have produced inaccurately flattering results), we found it hard to see that sampling error could produce such a wide discrepancy. A contributing factor would be that volumes of traffic have increased in that time (for example, motor vehicle registrations rose by 31 per cent between 2001 and 2011).

Nonetheless, we concluded that departure time variations had significantly deteriorated over time.

Section 2.2.4 contains a number of recommendations aimed at improving Metro's service reliability.

2.4 Did departure time variations compare reasonably with transport services in other jurisdictions?

For our comparison with other Australian jurisdictions, we looked at publicly reported information from metropolitan bus services in South Australia, Victoria and Western Australia (the results are shown in Table 1).

Table 1: Comparison of interstate bus services

City	Departures within reliability window (%)	Size of reliability window (minutes)	Period for which results were obtained
Adelaide Metro	84.0	-1 to +5	Apr to Jun 2013
Public Transport Victoria (metropolitan buses)	94.3	-2 to +5	2012–13
TransPerth	75.1	0 to 4	2012–13
Metro Tas	76.9	-3 to +5	Jan 2012 to June 2013

Source: Tasmanian Audit Office

Metro had weaker reliability standards than Adelaide Metro, Public Transport Victoria and TransPerth. Despite the less demanding standard, Metro results were similar or worse than the other measured bus services. In particular, Adelaide Metro required its buses to depart less than one minute early, yet its performance appeared significantly better.

We also noted that a benchmarking study commissioned by Metro found that in 2011–12 Metro’s percentage of annual services run on-time (56.3 per cent) compared unfavourably with a weighted average of other major public sector bus operators in Australia (74.6 per cent).

We recognise that such comparisons do not take into account:

- differences in data collection methods
- differences in type and length of bus routes
- traffic conditions.

Notwithstanding that cautionary note, we concluded that Metro has a relatively soft standard and that its service reliability did not compare well with bus services in other jurisdictions.

Section 2.2.4 contains a number of recommendations aimed at improving Metro’s service reliability.

2.5 *Were the scheduled routes completed in their entirety?*

For this sub-criterion, we relied on quarterly reports provided to DIER and on ticketing system data provided by Metro. We found that there had been large numbers of cancelled trips (4 246) between January and June 2013. However, during that

time there was a period of industrial unrest and we treated that as a one-off event, outside the scope of ordinary business. Other than those cancellations, the average level of trip completion over the 2011–12 and 2012–13 financial years was 99.4 per cent. That rate was similar to rates in other states.

We concluded that in the main, and with the exception of infrequent industrial action, scheduled routes were completed.

2.6 *Was there evidence that customers were satisfied with bus reliability?*

We wanted to determine whether Metro’s customers were satisfied with its service. Metro conducts satisfaction surveys and has a complaint handling mechanism. From these sources, we observed that in the period July 2011 to June 2013:

- Of all complaints, 46 per cent related to service reliability, although some of those were about incorrect routes or a bus not stopping.
- There were three times as many complaints about early running than services being late.
- The level of complaints equated to one complaint for every 10 000 boardings: a very low proportion.
- Of passengers surveyed, 71 per cent were satisfied or highly satisfied with reliability.

There was only weak evidence of dissatisfaction of customers with the Metro service.

2.7 *Conclusion*

We found that journeys along bus routes were completed in their entirety. However, Metro was not meeting its own service reliability standards and did not compare well with bus services in other jurisdictions. Accordingly, we recommended improvements in driver training, the use of ticketing system data and tightening of performance benchmarks.

3 Were bus trips comfortable and safe?

3 Were bus trips comfortable and safe?

3.1 *Background*

An important consideration for bus travellers is that they feel relaxed and secure during their journey. For that reason, we looked at the following factors that impact on passenger perceptions of comfort and safety:

- Were buses clean?
- Was unpleasant customer behaviour adequately controlled?
- Were buses suitable for passengers with a physical disability?
- Were drivers customer-focused?
- Was the accident rate comparable with services in previous years and other forms of motor travel?

Our findings in relation to these questions are contained in the following sections of this Chapter.

3.2 *Were buses clean?*

Cleanliness is an aspect specifically covered in the Customer Charter where it states:

All buses in service will be cleaned internally (swept, remove the rubbish and attend to any spills or soiling) on a daily basis. We will wash the outside of the bus at least once a week or more often if required. A full detail clean of all buses (internal clean and external wash) will be undertaken every 10 weeks.

While this attribute was not specifically covered in the various categories of customer complaints, data is collected in Metro's surveys. In the period 2010–11 to 2012–13, on average 75 per cent of respondents were satisfied about the cleanliness of buses compared to six per cent who were dissatisfied.

These results were comparable with bus services in Victoria and South Australia. We also noted that Translink, an operator providing bus services to Brisbane and other areas in southeast Queensland, considered 75 per cent satisfaction to be best practice.

We concluded that buses were kept clean.

3.3 *Was unpleasant customer behaviour adequately controlled?*

Within the Customer Charter, there are three separate sections dealing with disruptive or unpleasant behaviour (namely, the

conditions of travel, the right to refuse carriage and standards of behaviour).

In meetings that we held with a judgment selection of drivers, all were confident and consistent regarding dealing with difficult passengers, reflecting training that they had received:

- Stop the bus.
- Ask the unruly passenger to desist.
- Not continue the journey until behaviour improves or the passenger exits the bus.
- Be respectful in talking to the passengers.
- Call the radio room for police assistance if necessary.

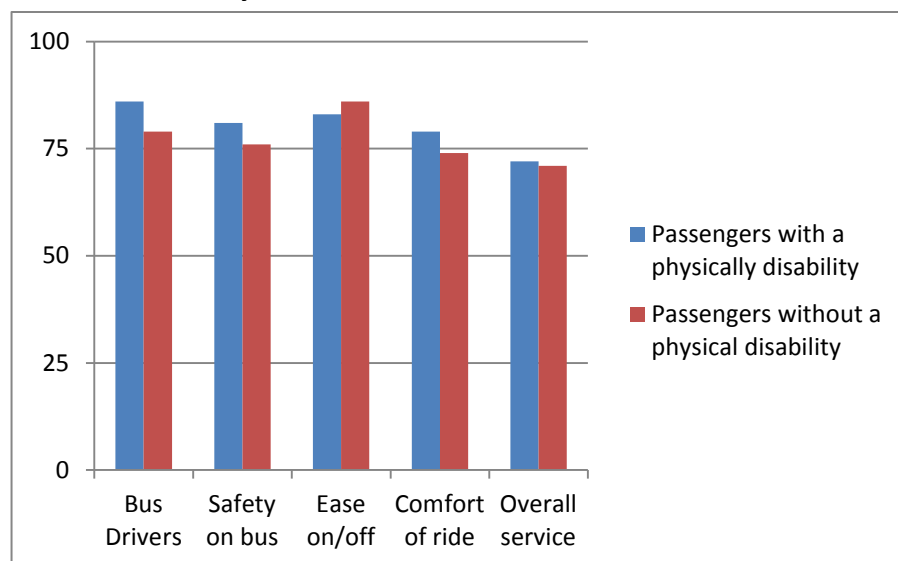
Whilst this area was not explicitly covered by surveys, 'personal safety on board bus' was the second highest rating of all measured attributes at 77 per cent (above Translink's best practice benchmark of 75 per cent — see Section 3.2). Amongst those dissatisfied with Metro services (comprising one per cent of those surveyed), this concern rated ninth with four per cent in 2013.

We concluded that bus drivers were maintaining adequate control over unpleasant customer behaviour.

3.4 *Were buses suitable for people with a physical disability?*

Under this attribute, Metro's customer survey measured satisfaction levels for passengers with a physical disability, as noted in Figure 3.

Figure 3: Satisfaction levels for passengers with a physical disability



Source: Metro

Clearly, there was a high level of satisfaction with the Metro experience.

Our discussions with bus drivers showed that all regarded helping elderly, disabled and frail passengers — as well as passengers with prams — to board the bus as an important part of their job. Deployment of the loading ramp to aid wheelchair entry took about three minutes so that a succession of passengers needing assistance at various stops could cause lateness. However, all seemed very comfortable with being late in those circumstances. The idea was put forward that higher numbers of passengers with a disability were a reason that buses were often late in non-peak periods and weekends.

Notwithstanding these positive experiences, information regarding wheelchair access was largely limited to weekends. We also noted that customer service staff did not have reliable information about buses with wheelchair access (even though almost 40 per cent of the bus fleet was wheelchair accessible) and had little capacity to ensure wheelchair access was available on request.

Recommendation 8

We recommend that Metro improves access to information about its wheelchair services.

3.5 Were bus drivers customer-focused?

From Metro's surveys, 'Service provided by bus drivers' is the highest rating of all measured attributes, scoring a rating of 80 per cent — well above Translink's 'best practice' target of 75 per cent. We also noted that 74 per cent of customers were satisfied or very satisfied with the comfort drive compared to only 6 per cent dissatisfied.

Viewed from another perspective, amongst dissatisfied customers (only one per cent as surveyed), this concern rated second with 27 per cent in 2013, a sharp rise from eight per cent in 2011.

We concluded that bus drivers were customer focused. However, there was sufficient level of complaint, coupled with a recent increase in the rate of complaints, to suggest that the attribute needs close monitoring.

3.6 Was the accident rate comparable with previous years and other forms of motor travel?

Examining the accident rate for a transport service is an intuitive element in assessing its quality. In Table 2, we

compared Metro's accident rate with that of other motor vehicles.

Table 2: Road crashes per 100 000 km

	Australian motor vehicles 2006	Metro***
Road crashes	650 000*	459
Km travelled (millions)	150 000**	10.8
Crashes/100,000 km	0.43	4.22

Sources:

* Australian Government Department of Infrastructure, Transport, Regional Development and Local Government, Bureau of Infrastructure Transport and Regional Economics, Research Report 118, Cost of road crashes in Australia 2006, p v

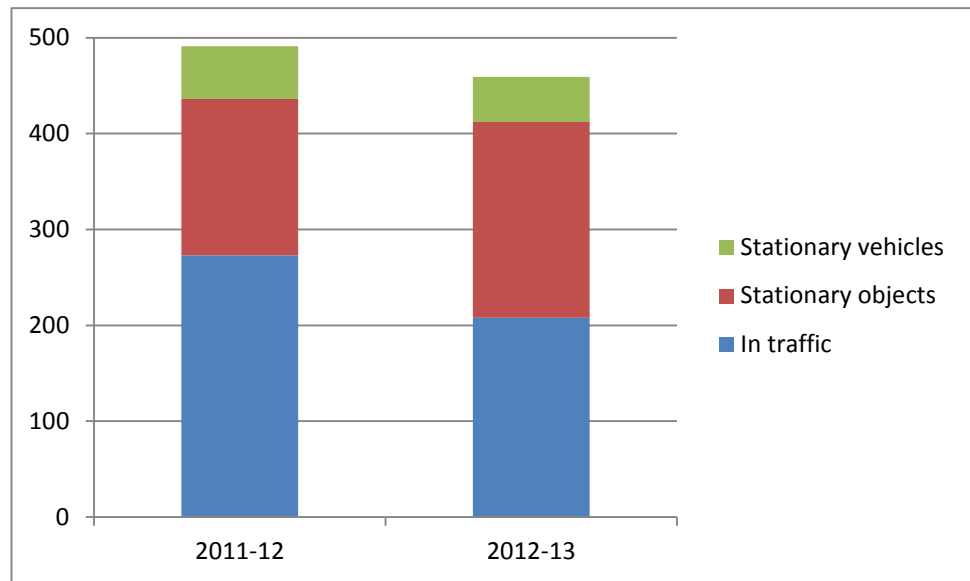
** Australian Automobile Association: 10 million motorists travelling 15 000 km each

*** Metro

It is possible that Metro has taken a more rigorous stance in defining 'accidents' than that used by the Commonwealth's Bureau of Infrastructure Transport and Regional Economics. In support of this view, we noted that only sixteen of the accidents across two years cost more than \$5000. Metro advised that its drivers were required to conduct pre-departure checks which identify 'every little scratch'. We further found that the injury rate on Metro buses was similar to that of other motor vehicles.

In addition, we looked at whether there was evidence of improvement in accident numbers.

Figure 4: Metro accidents 2011–12 and 2012–13



Source: TAO from Metro data

Figure 4 shows significant improvement in Metro’s accident rate, particularly in ‘in traffic’ accidents. Nonetheless, the large number of accidents suggests that Metro’s accident rate suggested that there was still room for improvement.

Recommendation 9

We recommend that Metro prioritises further reduction of its accident rate.

3.7 Conclusion

According to Metro surveys, its customers rated the service as comfortable and safe. Drivers were helpful to elderly passengers or those with a physical disability and were confident and competent in dealing with unpleasant passengers.

Information about services for passengers who use a wheelchair was limited.

Metro’s accident rate was high but there was evidence of improvement in the last two reporting years.

4 Had Metro commenced reviewing its services to ensure alignment with community needs?

4 Had Metro commenced reviewing its services to ensure alignment with community needs?

4.1 *Background*

Metro, in common with other state-owned companies, has obligations to its shareholders and to customers generally. Under its service contract with DIER, Metro can make minor route changes (i.e. less than one per cent of kilometres or less than 50 000 km cumulative) without the need for approval. However, major changes do require DIER approval.

Under the New Service Contract, Metro was expected to progressively review its services to ensure alignment with Community needs. In this Chapter, we consider the extent to which that has occurred and whether the impact on the aged, young and disadvantaged had been assessed in the performance of those reviews.

Specifically, we asked whether:

- routes and schedules have been reviewed
- customers were adequately consulted about reviews undertaken.

4.2 *Have routes and schedules been reviewed?*

The last major change (rated at 1.2 per cent) took place in 2009 and involved Eastern Shore routes in Hobart. It followed a comprehensive review of services in that area.

We asked to check the file but Metro was unable to provide us with documents relating to that review, maintaining that no documentation had been retained. It is important to keep a record of decision making processes for accountability and to enable lessons to be learnt from previous work.

We were also advised of an ongoing Glenorchy–Hobart trial that was assessing the impact on customers of increasing frequency of services in main road corridors. That trial had not been at cost to outer network services, but was intended to see if significantly greater patronage would result from the greater frequency.

Finally, Metro was undertaking a Northern Suburbs (of Hobart) review which was expected to be completed in late 2014. The review incorporated these five principles:

1. Services are direct, frequent and reliable.
2. Services are coordinated with changes to urban densities and key corridors.

3. There is a hierarchical approach to network development based on key corridors and important activity centres, with links to local services.
4. The number and variety of routes is minimised.
5. There is a focus on reliability and reduced travel times.

There is also a rolling program of reviews of services in the North of the State. At the time of the audit, regional transport plans were being developed to form a basis for those reviews.

We concluded that given the difficulty of the review task and the need for extensive community consultation, work undertaken to date represented a satisfactory level of review.

Recommendation 10

We recommend that the working papers for major decision making at Metro should be appropriately stored and readily retrievable.

4.3 *Were customers adequately consulted about reviews undertaken?*

As discussed in Section 4.2, Metro was undertaking a Northern Suburbs review applying the principles listed there. Metro considered that that approach would maximise overall service for all customers — without emphasising greater obligations to any particular group of customers such as the elderly or students.

With those special groups of customers, Metro pointed out that the government contribution to its revenue (approximately two thirds) subsidised the provision of services that included lower ticket prices for students together with adult concessions.

In our opinion, review processes were consultative and provided various opportunities for engagement with stakeholders, namely:

- discussion with community groups, including the Tasmanian Council of Social Service (TasCOSS)
- discussions with local government councils
- road shows to obtain public feedback
- invitations by mail drop to elicit public submissions.

We also noted that the Glenorchy–Hobart trial underway was, to some extent, a test of the impact of the five principles on potential and actual customers. We concluded that both reviews

and the new principles entailed reasonable levels and types of consultation.

4.4 *Conclusion*

We concluded that Metro had undertaken a satisfactory level of review of its routes and schedules and that consultation had been adequate.

Independent auditor's conclusion

Independent auditor's conclusion

This independent conclusion is addressed to the President of the Legislative Council and to the Speaker of the House of Assembly. It relates to my performance audit of the quality of service provided by Metro Tasmania Pty Ltd.

Audit objectives

The objective of the audit was to form an opinion about the quality of Metro's services.

Audit scope

The audit assessed the quality of current Metro services across Tasmania.

However, we considered the extent to which Metro had progressively reviewed its services to ensure alignment with community needs (such as better service and serving more passengers) as envisaged by the new service contract (with the Department of Infrastructure, Energy and Resources).

We focused on the period between July 2011 and June 2013, although there were comparisons with some prior periods.

It excluded pricing (since that area is subject to periodic and thorough review by OTTER) and largely excluded routes and schedules.

Responsibility of the Chief Executive Officer of Metro

The Chief Executive Officer is responsible for developing processes to that Metro provides a quality service to its passengers.

Auditor-General's responsibility

In the context of this performance audit, my responsibility was to carry out audit procedures to enable me to express a conclusion on whether the processes implemented resulted in compliance with the Plan.

I conducted my audit in accordance with Australian Auditing Standard ASAE 3500 *Performance engagements*, which required me to comply with relevant ethical requirements relating to audit engagements. I planned and performed the audit to obtain reasonable assurance whether Metro's services had delivered a suitable standard of quality.

My work involved obtaining evidence that Metro had managed the delivery of a quality service to its passengers.

I believe that the evidence I have obtained was sufficient and appropriate to provide a basis for my conclusion.

Auditor-General's conclusion

Based on the audit objective and scope, and for the reasons outlined in this Report, I concluded that in respect to Metro delivering a quality service:

- Route and timetable information was reasonably accessible and that Metro's complaint process was easily accessible.
- Although bus routes were completed in their entirety, Metro was not meeting its own service reliability standards and did not compare well with bus services in other jurisdictions.
- Customers rated Metro's service as comfortable and safe. However, information about services for passengers who use a wheelchair was limited. Also, while the accident rate was high, improvement was evident in the last two reporting years.
- Review of routes and schedules had been satisfactory and community consultation was adequate.

My report contains ten recommendations. Nine are aimed at quality improvements that Metro should make. The remaining recommendation is directed to the Department of Infrastructure, Energy and Resources that is responsible for the contract outlining the quality standards that Metro is bound to deliver.

H M Blake
Auditor-General
26 June 2014

Recent reports

Recent reports

Tabled	No.	Title
Nov	No. 6 of 2012–13	Volume 1 — Executive and Legislature, Government Departments, other General Government Sector State entities, other State entities and Superannuation Funds 2011–12
Dec	No. 7 of 2012–13	Compliance with the <i>Tasmanian Adult Literacy Plan 2010–15</i>
Mar	No. 8 of 2012–13	National Partnership Agreement on Homelessness
Mar	No. 9 of 2012–13	Royal Derwent Hospital: site sale
May	No. 10 of 2012–13	Hospital bed management and primary preventive health
May	No. 11 of 2012–13	Volume 5 — Other State entities 30 June 2012 and 31 December 2012
Aug	No. 1 of 2013–14	Fraud control in local government
Nov	No.2 of 2013–14	Volume 1 — Executive and Legislature, Government Departments, Tasmanian Health Organisations, other General Government Sector State entities, Other State entities and Superannuation Funds
Nov	No.3 of 2013–14	Volume 2 — Government Businesses, Other Public Non-Financial Corporations and Water Corporations
Dec	No.4 of 2013–14	Volume 3 — Local Government Authorities
Dec	No.5 of 2013–14	Infrastructure Financial Accounting in Local Government
Jan	No. 6 of 2013–14	Redevelopment of the Royal Hobart Hospital: governance and project management
Feb	No. 7 of 2013–14	Police responses to serious crime
Feb	No. 8 of 2013–14	Analysis of the Treasurer's Annual Financial Report 2012-13
May	No.9 of 2013–14	Volume 5 — State entities 30 June and 31 December 2013, matters relating to 2012–13 audits and key performance indicators
May	No.10 of 2013–14	Government radio communications
May	No.11 of 2013–14	Compliance with the Alcohol, Tobacco and Other Drugs Plan 2008–13

Current projects

Current projects

Performance and compliance audits that the Auditor-General is currently conducting:

Title	Audit objective is to ...	Annual Plan of Work 2013-14
Security of Information and Communications Technology (ICT) infrastructure	... assess the effectiveness of security measures for ICT infrastructure and its functionality.	Page 11, Topic No. 3
Motor vehicle fleet usage and management	... determine whether use by selected government departments of vehicles is effective, efficient and economic. The audit will also consider allocation and use of motor vehicles complies with government guidelines and whether fleets are properly managed.	Page 13, Topic No. 2
Follow up audit	... ascertain the extent to which recommendations from reports tabled from October 2009 to September 2011.	Page 12 Topic No. 4
Budgeting of capital works	... look at the effectiveness of Treasury's capital works budgeting processes.	Page 11 Topic No. 1

Other performance audits that are listed in the *Annual Plan of Work 2013-14* are in the early stages of planning. As they are approved for commencement, they will be added to the above table and advised on the TAO website (<http://www.audit.tas.gov.au>).

Audit Mandate and Standards Applied

Mandate

Section 17(1) of the *Audit Act 2008* states that:

‘An accountable authority other than the Auditor-General, as soon as possible and within 45 days after the end of each financial year, is to prepare and forward to the Auditor-General a copy of the financial statements for that financial year which are complete in all material respects.’

Under the provisions of section 18, the Auditor-General:

- ‘(1) is to audit the financial statements and any other information submitted by a State entity or an audited subsidiary of a State entity under section 17(1).’

Under the provisions of section 19, the Auditor-General:

- ‘(1) is to prepare and sign an opinion on an audit carried out under section 18(1) in accordance with requirements determined by the Australian Auditing and Assurance Standards
- (2) is to provide the opinion prepared and signed under subsection (1), and any formal communication of audit findings that is required to be prepared in accordance with the Australian Auditing and Assurance Standards, to the State entity’s appropriate Minister and provide a copy to the relevant accountable authority.’

Standards Applied

Section 31 specifies that:

‘The Auditor-General is to perform the audits required by this or any other Act in such a manner as the Auditor-General thinks fit having regard to –

- (a) the character and effectiveness of the internal control and internal audit of the relevant State entity or audited subsidiary of a State entity;
- (b) the Australian Auditing and Assurance Standards.’

The auditing standards referred to are Australian Auditing Standards as issued by the Australian Auditing and Assurance Standards Board.



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