

REVIEW OF AUDITOR-GENERAL'S REPORT No. 9 OF 2015:
PUBLIC TRANSPORT: THE FREQUENT NETWORK

STANDING COMMITTEE ON PUBLIC ACCOUNTS

APRIL 2016

REPORT 25

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Ms Joy Burch MLA	Deputy Chair from 23 February 2016 Member from 21 January 2016 to 23 February 2016
Ms Nicole Lawder MLA	Member from 8 August 2013
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RESOLUTION OF APPOINTMENT

The Legislative Assembly for the ACT appointed the Standing Committee on Public Accounts on 27 November 2012.

Specifically the resolution of 27 November 2012 establishing the Standing Committees of the 8th Assembly, as it relates to the Public Accounts Committee states:

- (1) The following general purpose standing committees be established and each committee inquire into and report on matters referred to it by the Assembly or matters that are considered by the committee to be of concern to the community:
 - (a) a Standing Committee on Public Accounts to:
 - (i) examine:
 - (A) the accounts of the receipts and expenditure of the Australian Capital Territory and its authorities; and
 - (B) all reports of the Auditor-General which have been presented to the Assembly;
 - (ii) report to the Assembly any items or matters in those accounts, statements and reports, or any circumstances connected with them, to which the Committee is of the opinion that the attention of the Assembly should be directed;
 - (iii) inquire into any question in connection with the public accounts which is referred to it by the Assembly and to report to the Assembly on that question; and
 - (iv) examine matters relating to economic and business development, small business, tourism, market and regulatory reform, public sector management, taxation and revenue;¹

TERMS OF REFERENCE

The Committee's terms of reference were to examine the Audit report and report to the Legislative Assembly.

¹ ACT Legislative Assembly, *Minutes of Proceedings*, No. 2, 27 November 2012, pp. 24–27.

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RECOMMENDATIONS

RECOMMENDATION 1

3.13 The Committee recommends that the Minister for Transport Canberra and City Services report to the Assembly, by Thursday 4 August 2016, on the progress of the Government's implementation of the recommendations made in Auditor-General's Report No. 9 of 2015: *Public Transport: The Frequent Network*, that have been accepted either in-whole or in-part. This should include: (i) a summary of action to date, either completed or in progress (including milestones completed); and (ii) the proposed action (including timetable), for implementing recommendations (or parts thereof), where action has not yet commenced.

1 INTRODUCTION AND CONDUCT OF INQUIRY

- 1.1 Auditor-General's Report No. 9 of 2015: *Public Transport: The Frequent Network* (the Audit report) was presented to the Legislative Assembly on 6 November 2015.
- 1.2 In accordance with the resolution of appointment of the Standing Committee on Public Accounts (the Committee), the Audit report was referred to the Committee for examination.
- 1.3 The Audit report presented the results of a performance audit that examined:
 - ...arrangements concerning the delivery of the public transport Frequent Network, including supporting governance and administration, planning, and review mechanisms.²

TERMS OF REFERENCE

- 1.4 The Committee's terms of reference were to examine the Audit report and report to the Legislative Assembly.

CONDUCT OF INQUIRY

- 1.5 On 22 March 2016, the Committee received a briefing from the Auditor-General on the Audit report.
- 1.6 The Government tabled its response³ to the Audit report on 10 March 2016.
- 1.7 As noted earlier, under its resolution of appointment, the Committee examines all reports of the Auditor-General which have been presented to the Legislative Assembly. Specifically, its resolution of appointment requires the Committee to 'inquire into and report' on all reports of the Auditor-General which have been presented to the Assembly.
- 1.8 The Committee has established procedures for its examination of these reports pursuant to the Assembly resolution.⁴ In accordance with these procedures, the Committee resolved to conclude its consideration of the Audit report with a summary report.

² ACT Auditor-General's Report No. 9 of 2015: *Public Transport: The Frequent Network*, November 2015, p. 1.

³ Available at: http://www.parliament.act.gov.au/_data/assets/pdf_file/0006/839526/2015-Government-Response-to-AG-Report-No-9-of-2015-Public-Transport-tabled-10-March-2016-.pdf

⁴ http://www.parliament.act.gov.au/_data/assets/pdf_file/0006/374847/External.pdf

- 1.9 The Committee met on 21 April 2016 to discuss the Chair's draft report which was adopted on 21 April 2016.

STRUCTURE OF THE REPORT

- 1.10 The Committee's report is divided into four sections:
- Chapter 1—Introduction and conduct of inquiry
 - Chapter 2—Audit background and findings
 - Chapter 3—Committee comment
 - Chapter 4—Conclusion

ACKNOWLEDGEMENTS

- 1.11 The Committee thanks those who contributed to its inquiry, including the Auditor-General, responsible Minister(s), and directorate and agency officials.

2 AUDIT BACKGROUND AND FINDINGS

2.1 This chapter presents an overview of the background to, and key findings of, the Audit.

AUDIT BACKGROUND AND OBJECTIVES

2.2 The objective of the Audit was to provide:

...an independent opinion to the Legislative Assembly on the effectiveness of the delivery of the public transport Frequent Network.⁵

2.3 The Audit focused on the activities of the Environment and Planning Directorate (EPD), the Territory and Municipal Services Directorate (TAMSD) (including ACTION) and to a lesser extent the Capital Metro Agency 'with respect to the governance and administration, planning and implementation of the Frequent Network.'⁶

2.4 The Audit also considered relevant aspects of *Transport for Canberra: Transport for a Sustainable City 2012–2031 (Transport for Canberra)* that affected or were related to the delivery of the Frequent Network.⁷

2.5 The Frequent Network, which is a key concept articulated in *Transport for Canberra*, is 'the backbone of an integrated transport system' for Canberra.⁸ It is comprised of Rapid services and Frequent Local services.⁹

AUDIT CONCLUSIONS

2.6 The overarching conclusion of the Audit was:

The ACT Government's policy on public transport is clearly expressed in its long-term overall transport policy; *Transport for Canberra: Transport for a Sustainable City 2012-2031 (Transport for Canberra)*. This provides transparency and sets the direction for planning and implementation, including the delivery of the Frequent Network as 'the backbone of an integrated transport system'. However, the effective delivery of the Frequent Network is at risk. Actions for its implementation are not being

⁵ ACT Auditor-General's Report No. 9 of 2015: *Public Transport: The Frequent Network*, November 2015, p. 21.

⁶ ACT Auditor-General's Report No. 9 of 2015: *Public Transport: The Frequent Network*, November 2015, p. 21.

⁷ ACT Auditor-General's Report No. 9 of 2015: *Public Transport: The Frequent Network*, November 2015, p. 21.

⁸ ACT Auditor-General's Report No. 9 of 2015: *Public Transport: The Frequent Network*, November 2015, p. 1.

⁹ ACT Auditor-General's Report No. 9 of 2015: *Public Transport: The Frequent Network*, November 2015, p. 1.

progressed in a timely manner and some are inadequate. Furthermore, public reporting on the implementation of the Frequent Network, through the Transport for Canberra Report Card (September 2014), is inaccurate in relation to some actions. It has also varied from the reporting framework set out in *Transport for Canberra*.

It is important that the Frequent Network corridors be embedded in relevant planning documents; the Territory Plan and National Capital Plan to provide location certainty. This is particularly pertinent given that buses are likely to be the dominant mode serving the corridors now and in the foreseeable future, and bus routes can be easily varied. Providing certainty is important to foster and guide community and other stakeholders' investments, to progress the implementation of both the Frequent Network and *Transport for Canberra* overall.

Embedding the Frequent Network corridors in key planning documents has been delayed due to the finalisation of the Light Rail Master Plan, which was released for public comment in late October 2015. While the light rail service will become part of the Frequent Network it is only covering a limited part of this network (Gungahlin to Civic, at least in the immediate future). Accordingly, embedding other corridors in key planning documents should be progressed as a high priority.

Key operational risks for the Frequent Network include the availability of sufficient suitable buses and depots. Approved plans only provide for the acquisition of replacement vehicles for ageing buses already in service. A series of recent reviews has highlighted the need for a significant number of buses to be added to the ACTION fleet, and for additional depots, if the goals of the Frequent Network and the increased public transport journey to work mode share targets set out in *Transport for Canberra* are to be achieved. Correcting the shortfall in buses and depots needs to be addressed.

Another operational risk is the availability of bus drivers to allow the bus service to be managed in a flexible manner to respond to demand needs. *Transport for Canberra* recognised this and identified as a specific Action (*Public transport - Action 9*) the inclusion of a 'seven day network in ACTION enterprise agreement in 2013.' This was not achieved and the Fair Work Commission approved the current enterprise agreement in May 2014 with a nominal expiry date of 30 June 2017. Ways to address this operational staffing risk need to be identified so that the Frequent Network can be efficiently delivered.

Cross-agency communication, governance and risk management arrangements for the implementation of the Frequent Network are inadequate to support its implementation as planned. Furthermore, the integration of activities by the various agencies would benefit from *Transport for Canberra* being supported by a short-term (e.g. 5 year) whole-of-government implementation programming plan. This plan could guide the development of individual agencies' annual budget bids so that these were appropriately timed and integrated.

There has not been a comprehensive household travel to work survey undertaken for the ACT since 1997. This data is fundamental for planning and evaluating actions that

are implemented, including those related to modal shift. Such a survey would provide more detailed information than that available from the five-yearly Australian Bureau of Statistics Census of Population [and] Housing. Data that is available indicates that modal shift targets are not being achieved and there is a significant risk that the *Transport for Canberra* initiatives, including the Frequent Network, may not be sufficient to facilitate their achievement over the planning period to 2031.

ACTION does not have data on the operating costs of the Frequent Network, even though data is available for the entire bus network. Once the light rail service (Capital Metro) is integrated into the Frequent Network, the collection and segmentation of data according to modes would facilitate long-term monitoring and evaluation to guide future transport initiatives. Furthermore, the light rail was not factored into the 2010 cost benefit analysis for the Frequent Network, which indicated that for every \$1 invested in the Frequent Network \$3.59 in benefits could be realised. Now that a light rail is to become part of the Frequent Network an updated analysis would provide more accurate information for decision-makers and the community.¹⁰

2.7 The Auditor-General made a number of specific conclusions with regard to each of the Audit themes—governance and administration; implementation of the Frequent Network; and assumptions underpinning the effective delivery of the Frequent Network.

2.8 Some of the more specific conclusions of each chapter of the Audit report include:

GOVERNANCE AND ADMINISTRATION

2.9 In relation to governance and administration—the Audit concluded that while various working groups have held responsibility for overseeing the delivery of *Transport for Canberra* and specifically the Frequent Network, these governance and administrative arrangements have not been effective.¹¹

2.10 The Audit also concluded that *Transport for Canberra* lacks sufficiently specific information 'about deliverables associated with the Frequent Network, their sequencing and timeframe' and that this 'presents a risk' to the effective 'integration of needed actions by different agencies'.¹²

2.11 In addition, the Audit concluded that arrangements were lacking for 'cross-agency aggregated risk assessment and management' in relation to the delivery of the Frequent Network and *Transport for Canberra* as a whole.¹³

¹⁰ ACT Auditor-General's Report No. 9 of 2015: *Public Transport: The Frequent Network*, November 2015, pp. 1–3.

¹¹ ACT Auditor-General's Report No. 9 of 2015: *Public Transport: The Frequent Network*, November 2015, p. 3.

¹² ACT Auditor-General's Report No. 9 of 2015: *Public Transport: The Frequent Network*, November 2015, p. 3.

¹³ ACT Auditor-General's Report No. 9 of 2015: *Public Transport: The Frequent Network*, November 2015, p. 3.

IMPLEMENTATION OF THE FREQUENT NETWORK

- 2.12 In relation to the implementation of the Frequent Network, the Audit concluded that ‘the lack of detail and specificity in *Transport for Canberra* with respect to the implementation of the Frequent Network’ impacts on the assessment of the effectiveness of the overall delivery of the Network.¹⁴
- 2.13 The Audit also concluded that while ‘ACTION buses are being delivered at the desired frequency on Rapid services’ this was not occurring on Frequent Local services.¹⁵
- 2.14 The Audit concluded that targets regarding journey to work mode share change:
...have not been achieved [*and that achieving 2016 and 2026*] targets for public transport share of journey to work trips ... remain a major challenge and may not be achieved without significant effort and resources.¹⁶
- 2.15 Furthermore, a number of recent reviews have highlighted the need to add buses to the ACTION fleet if the goals of the Frequent Network and journey to work mode share targets in *Transport for Canberra* are to be achieved.¹⁷
- 2.16 In addition, the Audit concluded :
Public reporting on the implementation of the Frequent Network, and *Transport for Canberra* as a whole, has been ambiguous and in some instances inaccurate.¹⁸
- 2.17 Also, a lack of data makes it impossible ‘to report on some performance measures and targets.’¹⁹

ASSUMPTIONS UNDERPINNING THE EFFECTIVE DELIVERY OF THE FREQUENT NETWORK

- 2.18 With regard to assumptions underpinning the effective delivery of the Frequent Network—the Audit concluded that ‘key risks associated with the assumptions that underpin planning for the Frequent Network...need to be recognised and managed.’²⁰
- 2.19 One assumption is that ‘more intensive urban development is expected to lead to greater demand for public transport’. The Audit concluded that ‘embedding the Frequent Network

¹⁴ ACT Auditor-General’s Report No. 9 of 2015: *Public Transport: The Frequent Network*, November 2015, pp. 3–4.

¹⁵ ACT Auditor-General’s Report No. 9 of 2015: *Public Transport: The Frequent Network*, November 2015, p. 4.

¹⁶ ACT Auditor-General’s Report No. 9 of 2015: *Public Transport: The Frequent Network*, November 2015, p. 4.

¹⁷ ACT Auditor-General’s Report No. 9 of 2015: *Public Transport: The Frequent Network*, November 2015, p. 4.

¹⁸ ACT Auditor-General’s Report No. 9 of 2015: *Public Transport: The Frequent Network*, November 2015, p. 4.

¹⁹ ACT Auditor-General’s Report No. 9 of 2015: *Public Transport: The Frequent Network*, November 2015, p. 4.

²⁰ ACT Auditor-General’s Report No. 9 of 2015: *Public Transport: The Frequent Network*, November 2015, p. 4.

into relevant planning documents such as the Territory Plan and National Capital Plan' is an important means to achieve this, but this 'has not occurred.'²¹

- 2.20 The Audit concluded that other assumptions include that 'ACTION has sufficient infrastructure, capacity and resources to deliver the Frequent Network.' These assumptions 'primarily relate to the availability of bus drivers for a seven-day working week..., the availability of buses and depots.' However, the Audit concluded that 'the required reform of the ACTION Enterprise Agreement has not occurred and the availability of drivers outside peak and weekday inter-peak times remains limited.'²²
- 2.21 In addition, the Audit concluded that additional 'resources will need to be planned and delivered' to meet the requirements of the Frequent Network as well as the *Transport for Canberra* journey to work mode share targets—16 per cent by 2026.²³
- 2.22 Further, an updated cost benefit analysis of the Frequent Network which accounts for the introduction of light rail was identified as a key requirement.²⁴

AUDIT FINDINGS

- 2.23 The Audit provided key findings to support its conclusions. The main elements of these findings—across three audit themes—are outlined below.

GOVERNANCE AND ADMINISTRATION

- 2.24 Key findings across the audit theme—governance and administration—were:
- The Audit found that *Transport for Canberra* sets out broad timeframes, of two, five and ten years for the delivery of the Frequent Network. The Audit found that these timeframes were too broad and that a supporting short-term plan is required to progressively deliver the Frequent Network.²⁵
 - The Audit found that *Transport for Canberra* could be improved by including detailed measures and more specific targets.²⁶
 - The Audit also found that the Transport for Canberra Implementation Working Group was an appropriate arrangement for overseeing and coordinating the implementation of *Transport for Canberra* commitments, but the Group did not meet as frequently as

²¹ ACT Auditor-General's Report No. 9 of 2015: *Public Transport: The Frequent Network*, November 2015, p. 4.

²² ACT Auditor-General's Report No. 9 of 2015: *Public Transport: The Frequent Network*, November 2015, p. 4.

²³ ACT Auditor-General's Report No. 9 of 2015: *Public Transport: The Frequent Network*, November 2015, p. 4.

²⁴ ACT Auditor-General's Report No. 9 of 2015: *Public Transport: The Frequent Network*, November 2015, p. 5.

²⁵ ACT Auditor-General's Report No. 9 of 2015: *Public Transport: The Frequent Network*, November 2015, p. 5.

²⁶ ACT Auditor-General's Report No. 9 of 2015: *Public Transport: The Frequent Network*, November 2015, p. 5.

planned. While responsibility for oversight and coordination was handed to two other Groups in 2015, these have not given attention to *Transport for Canberra* generally or the Frequent Network specifically.²⁷

- According to the Audit, the tracking report initially used by the Transport for Canberra Implementation Working Group did not focus on targets specifically discussed in *Transport for Canberra* and the exception reporting adopted obscured what had or had not been achieved to date.²⁸
- The Audit found that although *Transport for Canberra* includes a requirement for the release of an annual update report, only one such report has been released—i.e., the Transport for Canberra Report Card in September 2014.²⁹
- The Audit also found deficiencies in the risk approaches of EPD, TAMSD and Capital Metro in relation to *Transport for Canberra* and the Frequent Network. It found that there was ‘no aggregated cross-agency risk assessment and management mechanism for public transport planning and management, or more specifically for implementation of *Transport for Canberra* policy and actions, and achievement of its overall goals, including the delivery of the Frequent Network.’³⁰

IMPLEMENTATION OF THE FREQUENT NETWORK

2.25 Key findings across the Audit theme—implementation of the Frequent Network—were:

- According to the Audit—‘*Transport for Canberra* does not identify or articulate specific targets for the progressive implementation of the Frequent Network.’³¹
- The Audit found that while ‘ACTION bus services...meet the Frequent Network definition of a 15 minute frequency or better (as at mid 2015)...no ACTION bus services met the *Transport for Canberra* Frequent Local service definitions.’³²
- The Audit also found that the Transport for Canberra Report Card that was released in September 2014 ‘does not refer to, or report directly against’ measures and targets in *Transport for Canberra*.³³
- The Audit found that the ACT Government is not able to report on: changes to mode share (e.g. from the use of a car to public transport); progress in achieving sustainable travel for all trips in the ACT; and transport network performance, including travel time by mode and wait time connections at stations.³⁴

²⁷ ACT Auditor-General’s Report No. 9 of 2015: *Public Transport: The Frequent Network*, November 2015, p. 6.

²⁸ ACT Auditor-General’s Report No. 9 of 2015: *Public Transport: The Frequent Network*, November 2015, p. 5.

²⁹ ACT Auditor-General’s Report No. 9 of 2015: *Public Transport: The Frequent Network*, November 2015, p. 6.

³⁰ ACT Auditor-General’s Report No. 9 of 2015: *Public Transport: The Frequent Network*, November 2015, pp. 6; 7.

³¹ ACT Auditor-General’s Report No. 9 of 2015: *Public Transport: The Frequent Network*, November 2015, p. 7.

³² ACT Auditor-General’s Report No. 9 of 2015: *Public Transport: The Frequent Network*, November 2015, p. 7.

³³ ACT Auditor-General’s Report No. 9 of 2015: *Public Transport: The Frequent Network*, November 2015, p. 7.

³⁴ ACT Auditor-General’s Report No. 9 of 2015: *Public Transport: The Frequent Network*, November 2015, p. 8.

- The Audit found that 2011 targets for the percentage of Canberrans using public transport to travel to work (a target of 9.0 per cent) and for cycling and walking (5.0 and 6.0 per cent respectively) were not achieved.³⁵
- The Audit found that 'it is not possible to assess whether *Transport for Canberra* is effective in encouraging a change in travel behaviour towards greater use of sustainable transport' without 'up-to-date comprehensive household travel to work data.' A household travel survey is needed.³⁶
- According to the Audit—'Progress towards achievement of the mode share change targets identified in *Transport for Canberra* cannot currently be measured by the ACT Government.' However, it was evident in 2012 that 'achieving the 2016 and 2026 targets was likely to remain a major challenge, and may not be achievable without significant effort and resources.'³⁷
- The Audit found that the nature of the Actions set out in *Transport for Canberra* make it difficult to report on their implementation. In addition, some reporting has been inaccurate.³⁸
- The Audit also found that—'Some of the key commitments in *Transport for Canberra* that are critical to the success of the Frequent Network are not being achieved.' These include, for example, commitments to embed the rapid corridors in the Territory Plan and to include a seven day network in the ACTION enterprise bargaining agreement.³⁹
- The Audit found that various documents such as the *Future Facilities Masterplan* (November 2014) and the *Expenditure Review* (March 2015) have identified the need to add buses to the ACTION fleet and additional bus depot facilities to meet future demand and the journey to work target.⁴⁰

ASSUMPTIONS UNDERPINNING THE EFFECTIVE DELIVERY OF THE FREQUENT NETWORK

2.26 Key findings across the Audit theme—assumptions underpinning the effective delivery of the Frequent Network—were:

- The Audit found that the delivery of *Transport for Canberra* 'requires the implementation of various interdependent transport and land use policies and the effective management of risks in an integrated and targeted manner.'⁴¹
- The Audit also found that the 'primary assumptions underlying *Transport for Canberra* relate to patronage.' Other assumptions and risks relating to the development of the

³⁵ ACT Auditor-General's Report No. 9 of 2015: *Public Transport: The Frequent Network*, November 2015, p. 8.

³⁶ ACT Auditor-General's Report No. 9 of 2015: *Public Transport: The Frequent Network*, November 2015, p. 8.

³⁷ ACT Auditor-General's Report No. 9 of 2015: *Public Transport: The Frequent Network*, November 2015, p. 8.

³⁸ ACT Auditor-General's Report No. 9 of 2015: *Public Transport: The Frequent Network*, November 2015, p. 9.

³⁹ ACT Auditor-General's Report No. 9 of 2015: *Public Transport: The Frequent Network*, November 2015, p. 9.

⁴⁰ ACT Auditor-General's Report No. 9 of 2015: *Public Transport: The Frequent Network*, November 2015, p. 10.

⁴¹ ACT Auditor-General's Report No. 9 of 2015: *Public Transport: The Frequent Network*, November 2015, p. 11.

Frequent Network include that 'demand will follow the growth path assumed in planning documents', and that 'the network will be able to grow at the rate needed to support the successful delivery of the Frequent Network.'⁴²

- The Audit found from expert advice that the 'presumption of a direct, and positive, correlation between transport developments and demand for higher density land usage is contestable.'⁴³
- According to the Audit the 'ACT Government has not yet implemented the commitment in *Transport for Canberra* to update the Territory Plan to embed the rapid corridors, nor have the rapid corridors been embedded within the National Capital Plan.'⁴⁴
- The Audit found that '*Transport for Canberra* commits the ACT Government to providing a high frequency network, seeking to maximise patronage and a reliable coverage network ...for at least 95 percent of Canberran households.' However, catering for both involves compromise.⁴⁵
- The Audit also found that key 'operational assumptions and risks relating to ACTION and its capacity to deliver the Frequent Network' include the availability of drivers, of buses, and of depots.⁴⁶
- The Audit found that while 33 of the 53 bus 'routes on the Frequent Network are now aligned', further progress is constrained by the current Enterprise Bargaining Agreement which is not due to expire until 30 June 2017.⁴⁷
- In addition, the Audit found that *Transport for Canberra* recognises the need to increase the ACTION fleet in order to implement the Frequent Network but it does not reference the extent of growth required.⁴⁸
- The Audit found that although the *Future Facilities Masterplan* (November 2014) identified the need to increase the ACTION fleet by 9 buses per year until 2013 to meet the *Transport for Canberra* targets, ACTION's Fleet Replacement Program is focused on aligning the fleet to meet the requirements of the *Disability Discrimination Act 1992* and does not provide for net growth in vehicles or service capacity.⁴⁹
- The Audit also found that the *Future Facilities Masterplan* also identified the need for additional or expanded depot facilities.⁵⁰

⁴² ACT Auditor-General's Report No. 9 of 2015: *Public Transport: The Frequent Network*, November 2015, p. 11.

⁴³ ACT Auditor-General's Report No. 9 of 2015: *Public Transport: The Frequent Network*, November 2015, p. 11.

⁴⁴ ACT Auditor-General's Report No. 9 of 2015: *Public Transport: The Frequent Network*, November 2015, p. 11.

⁴⁵ ACT Auditor-General's Report No. 9 of 2015: *Public Transport: The Frequent Network*, November 2015, p. 12.

⁴⁶ ACT Auditor-General's Report No. 9 of 2015: *Public Transport: The Frequent Network*, November 2015, p. 12.

⁴⁷ ACT Auditor-General's Report No. 9 of 2015: *Public Transport: The Frequent Network*, November 2015, p. 12.

⁴⁸ ACT Auditor-General's Report No. 9 of 2015: *Public Transport: The Frequent Network*, November 2015, p. 12.

⁴⁹ ACT Auditor-General's Report No. 9 of 2015: *Public Transport: The Frequent Network*, November 2015, p. 12.

⁵⁰ ACT Auditor-General's Report No. 9 of 2015: *Public Transport: The Frequent Network*, November 2015, p. 13.

- The Audit found that an updated cost benefit analysis of the Frequent Network is required that takes account of the operation of both buses and light rail, investment in new buses and an additional depot, and risks associated with meeting mode share changes expected under *Transport for Canberra*.⁵¹

AUDIT RECOMMENDATIONS

- 2.27 The Audit report made seven recommendations, four of which were categorised as high priority—these are reproduced in full at **Appendix A**. Table 2.1 provides a summary of the recommendations across the three audit themes.
- 2.28 In 2013–14, the Government adopted a new approach for responding to performance audit reports. Changes under the new approach included: (i) confining management responses in audit reports to advising of factual errors only; and (ii) the discontinuation of the provision of a Government submission⁵² to the Committee in response to each audit report (three months after presentation).
- 2.29 The new approach for responding to performance audit reports is reflected in the Audit report. The Audit report points out that:

The Environment and Planning Directorate, Territory and Municipal Services Directorate, Capital Metro Agency and the Chief Minister, Treasury and Economic Development Directorate were provided with a:

- draft proposed report for comment. All comments were considered and required changes were reflected in the final proposed report, and
- final proposed report for further comment. As part of this process the Environment and Planning Directorate, Territory and Municipal Services Directorate, Capital Metro Agency and the Chief Minister, Treasury and Economic Development Directorate were also asked to provide comments for inclusion in the final report in the Summary chapter.

The Environment and Planning Directorate, Territory and Municipal Services Directorate, Capital Metro Agency and the Chief Minister, Treasury and Economic Development Directorate did not provide comments for inclusion in the Summary chapter of this report. However, no matters regarding the factual accuracy of technical material in this report were brought to the attention of the Auditor-General.

Table 2.1—Summary of Audit recommendations and broad coverage

⁵¹ ACT Auditor-General's Report No. 9 of 2015: *Public Transport: The Frequent Network*, November 2015, p. 13.

⁵² The discontinuation of the provision of a government submission to the Committee was replaced with the tabling of a government response to each respective audit report (four months after presentation).

Audit theme	Recommendation number and broad coverage	Government position (as per response to report tabled 10 March 2016)
1. Governance and administration	R1—EPD ⁵³ should improve governance and administration of <i>Transport for Canberra</i> (High Priority)	Agree
2. Implementation of the Frequent Network	R2—EPD should improve reporting on the implementation of <i>Transport for Canberra</i> (High Priority)	Agree- in-principle
	R3—EPD should undertake a periodic household travel survey	Agree-in- principle
	R4—TAMSD ⁵⁴ should undertake a periodic performance review of the Frequent Network	Agree
3. Assumptions underpinning the effective delivery of the Frequent Network	R5—EPD should embed transport corridors in urban planning documents (High Priority)	Agree-in-principle
	R6—TAMSD (ACTION) should address key operational risks to the implementation of the Frequent Network (High Priority)	Agree
	R7—EPD should update its cost benefit analysis of the Frequent Network	Noted

GOVERNMENT RESPONSE

2.30 The Government tabled its response to the Audit report⁵⁵ on 10 March 2016.⁵⁶ In its response, the Government agreed with three recommendations, agreed-in-principle with three, and noted one recommendation.⁵⁷

2.31 Of the four recommendations designated as a ‘high priority’—the Government agreed with two⁵⁸ recommendations and agreed-in-principle with two⁵⁹ recommendations.

⁵³ EPD—the former Environment and Planning Directorate

⁵⁴ TAMSD—Territory and Municipal Services Directorate

⁵⁵ Presented 6 November 2015.

⁵⁶ Available at: http://www.parliament.act.gov.au/_data/assets/pdf_file/0006/839526/2015-Government-Response-to-AG-Report-No-9-of-2015-Public-Transport-tabled-10-March-2016-.pdf

⁵⁷ ACT Government. (2016) Response to Auditor-General’s report No. 9 of 2015: *Public Transport: The Frequent Network*, 10 March.

⁵⁸ Recommendation 1 (Governance and administration); and Recommendation 6 (Addressing ACTION’s operational risks).

⁵⁹ Recommendation 2 (Transport for Canberra Monitoring and Reporting Framework); and Recommendation 5 (Embedding Transport Corridors in Urban Planning).

3 COMMITTEE COMMENT

Transport will always be about people and connections. Like any well-oiled machine, the transport system requires the right parts to be in the right places and to work together at the right times. Transport is complex, but it is essential that we get it right as it is critical to the life of this State and the people who live here.⁶⁰

3.1 The objective of the Audit was to assess the effectiveness of the delivery of the public transport Frequent Network (the Frequent Network). The Audit considered the delivery of the Frequent Network together with its governance and administration framework and associated planning, review and evaluation mechanisms.

3.2 The policy commitment underpinning the establishment of a Frequent Network is detailed in the Government's *Transport for Canberra: Transport for a Sustainable City 2012–2031* policy document released in March 2012. In that document, amongst other matters, the Government committed to:

- the adoption of a Frequent Network 'designed for the current bus-based fleet, but will be adaptable to, and supportive of, mass public transport technology like light rail, bus rapid transit or other technology'⁶¹;
- the Frequent Network being the fundamental component of an integrated transport system where the key message is 'for access to fast, frequent and reliable public transport services, located on the Frequent Network'⁶²; and
- a long-term (2031) goal for the Frequent Network being the establishment of 'permanent public transport corridors with 15 minute or better frequency for people travelling across and within the city, with the consolidation of some suburban routes to build efficiency into the system and shorten travel times'⁶³.

3.3 The Audit found that:

...the effective delivery of the Frequent Network is at risk. Actions for its implementation are not being progressed in a timely manner and some are inadequate. Furthermore, public reporting on the implementation of the Frequent Network, through the Transport for Canberra Report Card (September 2014), is inaccurate in relation to some actions. It has also varied from the reporting framework set out in *Transport for Canberra*.⁶⁴

⁶⁰ NSW Government. (2012) *Integrated Public Transport Service Planning Guidelines – Sydney Metropolitan Area*, p. 3.

⁶¹ ACT Government. (2012) *Transport for Canberra: Transport for a Sustainable City 2012–2031*, March.

⁶² ACT Government. (2012) *Transport for Canberra: Transport for a Sustainable City 2012–2031*, March.

⁶³ ACT Government. (2012) *Transport for Canberra: Transport for a Sustainable City 2012–2031*, March.

⁶⁴ ACT Auditor-General's Report No. 9 of 2015: *Public Transport: The Frequent Network*, November 2015, pp. 1–2.

3.4 The Committee notes that whilst the Audit found that policy on public transport was clearly expressed, it also identified a number of areas of concern. These included:

- the delivery of the Frequent Network was at risk;
- implementation of actions were not being progressed in a timely manner, with some considered inadequate; and
- public reporting on implementation of the policy had been difficult and inaccurate.

3.5 The Committee considers these concerns to be significant. The planning and delivery of an integrated public transport service that is safe, reliable, frequent and efficient is critical to the Territory's economic, social and environmental bottom line. Further, the delivery of such a service is not an unrealistic expectation but rather an essential requisite for enabling citizens to be active participants within the communities in which they work, live and play.

3.6 In responding to the Audit report, the Minister for Planning and Land Management commented:

The government is keen to successfully deliver the Frequent Network as there are significant benefits associated with an efficient public transport service, including the health benefits of walking or cycling to a bus stop and the environmental benefits of reducing traffic congestion and greenhouse gas emissions.

We are aware of ongoing work and improvements that can be made, particularly in terms of improved governance and administration of Transport for Canberra, the government's transport planning strategy to improve public transport to manage Canberra's growth, reduce congestion and protect our liveability.⁶⁵

3.7 The Committee is of the view that the seven audit recommendations to improve the delivery of the Frequent Network; strengthen its governance and administration framework; consolidate its planning context; and enhance its review and evaluation mechanisms are important.

ESTABLISHMENT OF NEW TRANSPORT CANBERRA AGENCY

3.8 The Committee has considered the Government response to the Audit report. The planning and delivery of an integrated public transport service requires a whole-of-government approach—that is, multiple agencies working across organisational and portfolio boundaries to achieve a shared goal and an integrated response. A key aspect of any such approach is the

⁶⁵ Minister for Planning and Land Development, Media release: 'Response tabled on Auditor's transport report', 10 March 2016.

designation of a lead agency (and a lead Minister) for coordinating the governance arrangements and contributions of other agencies.

- 3.9 The Committee notes that Transport Canberra will merge with the Territory and Municipal Services Directorate to form a new directorate effective from 1 July 2016. The name for the new directorate and responsible Minister will be Transport Canberra and City Services.⁶⁶
- 3.10 The Committee considers the creation of a new directorate (and responsible Minister) with overarching responsibility for cross-agency transport operational functions is an important step towards improving the planning and delivery of public transport in Canberra. The Committee is also of the view that the new directorate and responsible Minister will improve transparency with regard to accountability for the planning and delivery of public transport in Canberra.
- 3.11 Further, the Committee notes that the creation of the new directorate will assist with addressing several issues identified by the Audit, in particular, ensuring that future cross-agency transport operational functions are coordinated and integrated.
- 3.12 Accordingly, given the new administrative arrangements effective from 1 July 2016, the Committee is of the view that the new Minister for Transport Canberra and City Services should inform the Assembly, during the August 2016 sitting, on progress with regard to implementation of the Audit report recommendations that have been accepted either in-whole or in-part.

Recommendation 1

- 3.13 The Committee recommends that the Minister for Transport Canberra and City Services report to the Assembly, by Thursday 4 August 2016, on the progress of the Government's implementation of the recommendations made in Auditor-General's Report No. 9 of 2015: *Public Transport: The Frequent Network*, that have been accepted either in-whole or in-part. This should include: (i) a summary of action to date, either completed or in progress (including milestones completed); and (ii) the proposed action (including timetable), for implementing recommendations (or parts thereof), where action has not yet commenced.**

⁶⁶ ACT Government. (2016) A Message from the Head of Service—Transport Canberra and City Services, 7 April; Minister for Planning and Land Development, Media release: 'Response tabled on Auditor's transport report', 10 March 2016; ACT Government. (2016) Response to Auditor-General's report No. 9 of 2015: *Public Transport: The Frequent Network*, 10 March.

4 CONCLUSION

- 4.1 The Committee notes that the planning and delivery of an integrated public transport service that is safe, reliable, frequent and efficient is critical to the Territory's economic, social and environmental bottom line. Further, the delivery of such a service is not an unrealistic expectation but rather an essential requisite for enabling citizens to be active participants within the communities in which they work, live and play.
- 4.2 This Audit has been a useful mechanism in assessing the Government's delivery of the Frequent Network together with its governance and administration framework and associated planning, review and evaluation mechanisms.
- 4.3 Notwithstanding that the Audit found that policy on public transport was clearly expressed, it also identified that:
- ...the effective delivery of the Frequent Network is at risk.⁶⁷
- 4.4 Whilst the Committee welcomes the creation of a new directorate (and responsible Minister) with overarching responsibility for cross-agency transport operational functions, as to whether this improvement will be effective in reducing or mitigating the aforementioned risk, only time will tell.
- 4.5 The Committee would like to thank the Auditor-General, responsible Minister(s), directorate and agency officials, for their time, expertise and cooperation during the course of this inquiry.
- 4.6 The Committee has made **one** recommendation in relation to its inquiry into Auditor-General's report No. 9 of 2015: *Public Transport: The Frequent Network*.

Brendan Smyth MLA

Chair

21 April 2016

⁶⁷ ACT Auditor-General's Report No. 9 of 2015: *Public Transport: The Frequent Network*, November 2015, pp. 1–2.

Appendix A SUMMARY OF AUDIT REPORT RECOMMENDATIONS⁶⁸

Recommendation 1—Governance and administration (High Priority)

The Environment and Planning Directorate should improve governance and administration of *Transport for Canberra* and therefore the Frequent Network by:

- a) developing a short-term (e.g. 5 year) whole-of-government public transport implementation plan with specific targets and timelines;
- b) identifying an appropriate whole-of-government group and charging it with responsibility for coordinating, monitoring and reporting on the implementation of *Transport for Canberra*, including and especially the delivery of the Frequent Network;
- c) establishing an accountability mechanism so the whole-of-government group undertakes its responsibilities; and
- d) developing an aggregated cross-agency risk assessment and management mechanism for *Transport for Canberra*, including and especially for the delivery of the Frequent Network.

Recommendation 2—*Transport for Canberra* monitoring and reporting framework (High Priority)

The Environment and Planning Directorate should improve reporting on the implementation of *Transport for Canberra*, in the annual *Transport for Canberra* Report Card by:

- a) using the measures and targets identified in the *Transport for Canberra* Monitoring and Reporting Framework;
- b) developing the necessary baselines, measures and systems so that the required data can be collected, recorded and analysed; and
- c) all summary comments on progress being accurate, and including information that justifies claims of 'On track to be achieved'; and specifying what 'needs improvement'.

Recommendation 3—Household travel survey

The Environment and Planning Directorate should undertake a periodic household travel survey to provide detailed data on travel behaviours in the ACT and use the information to inform transport policies and their planning and performance measurement.

⁶⁸ ACT Auditor-General's Report No. 9 of 2015: *Public Transport: The Frequent Network*, November 2015.

Recommendation 4—Periodic performance review of Frequent Network

The Territory and Municipal Services Directorate should periodically review the performance of the Frequent Network using quantitative analysis of the data available from ACTION business systems including MyWay, HASTUS and NetBI to better inform overall management of the Frequent Network.

Recommendation 5—Embedding transport corridors in urban planning documents (High Priority)

The Environment and Planning Directorate should provide certainty with respect to the location of the Frequent Network by:

- a) embedding its long-term corridors in the Territory Plan as a matter of priority; and
- b) working with the Australian Government to also embed these corridors in the National Capital Plan.

Recommendation 6—Addressing ACTION’s operational risks (High Priority)

The Territory and Municipal Services Directorate (ACTION) should address key operational risks to the implementation of the Frequent Network by:

- a) identifying and providing options to the ACT Government for overcoming the adverse effects of the Enterprise Bargaining Agreement on the ability of ACTION to manage in a more flexible manner to meet demand; and
- b) identifying and providing options to the ACT Government for funding an increase in bus numbers and expanding the number of depots. (This could be done as part of a short-term (e.g. 5 years) whole-of-government public transport implementation plan – refer to Recommendation 1).

Recommendation 7—Cost benefit analysis of the Frequent Network

The Environment and Planning Directorate should update its cost benefit analysis of the Frequent Network in light of revised assumptions associated with its delivery. In particular, the updated analysis should consider: the impact of the inclusion of the light rail into the Frequent Network; revised estimates regarding investments required in new buses and an extra depot to meet forecast future peak demands; and risks associated with the achievement of mode share changes expected under *Transport for Canberra*.