

4 February 2016

AUDITOR-GENERAL'S REPORT **Franchising of Sydney Ferries Network services**

Franchising services on the Sydney Ferries Network was justified, and Transport for NSW's management of the franchise has been largely effective according to a report released today by the NSW Acting Auditor-General, Tony Whitfield.

"Franchising has resulted in cost savings, good service performance, and effective risk transfer from government to the private sector operator," said Mr Whitfield.

Scheduled ferry services are now provided under a seven-year contract managed by Transport for NSW. Harbour City Ferries, a partnership between Transdev and Broadspectrum, has been operating ferry services under this contract since 28 July 2012. Previously services were provided by the government through Sydney Ferries.

The expected benefits of franchising have been realised

Contract payments to Harbour City Ferries are around 12 per cent per annum less than those previously made to Sydney Ferries. Harbour City Ferries' performance against key performance indicators has been generally good and comparable to Sydney Ferries immediately prior to franchising.

With NSW Treasury, Transport for NSW undertook sufficiently robust analysis to support the decision to franchise services on the Sydney Ferries Network. Transport for NSW's process to select the private sector operator was also sufficiently robust. There were some minor shortcomings in the analysis and processes used, but these were not sufficient to affect the decision.

TfNSW's design and management of the contract with HCF has been largely effective

The KPIs, targets and incentives in the contract with Harbour City Ferries were developed through a robust process and largely promote effectiveness. Improvement opportunities exist around measurement and incentives for customer satisfaction, passenger information, revenue protection and vessel cleanliness.

Transport for NSW has implemented a comprehensive framework for managing the contract and obtains adequate assurance that information on Harbour City Ferries' performance is valid and reliable. There are, however, some minor deficiencies in contract management documentation.

Further Information

For further information, please refer to the report's executive summary or full report on the Audit Office website.

Please contact Barry Underwood on 9275 7220 or 0403 073 664; email: barry.underwood@audit.nsw.gov.au