

# Media Statement

31 OCTOBER 2007

## Auditor-General's Report: New Ticketing System Tender

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A report by **Auditor-General, Des Pearson**, titled *New Ticketing System Tender*, was tabled in the Victorian Parliament today.

International experience has confirmed that developing reliable and effective public transport ticketing systems is both difficult and expensive. Victoria's 'smartcard' public transport ticketing system (NTS) is a case in point. It involves a government investment of more than \$500 million, and it promises to transform the operations of the public transport network.

Mr Pearson's report examined whether the tender process for the NTS was properly conducted and identifies lessons and relevant areas of good practice for future management of major tenders.

The report identified some commendable features associated with the conduct, governance and probity arrangements of the NTS tender such as: the innovative, highly "interactive" approach to the tender adopted by the Transport Ticketing Authority (TTA), the success of the tender in terms of its timeliness and value-for-money, and areas of good practice in the conduct of the tender.

With respect to the probity of the NTS tender, the former Minister for Transport requested an investigation of an alleged leak of confidential information from the NTS tender. The report includes the findings of the investigation. It found no evidence that TTA staff members provided the tender documents to anyone outside the Authority.

However, Mr Pearson found other areas of probity management capable of improvement. The report states that it is in the nature of interactive tenders such as the NTS that the number of individuals involved in the tender process tends to increase, as does the potential for conflicts of interest. These circumstances warranted a particularly robust probity framework. Mr Pearson found instances where the probity protocols were not applied, and in one important respect the probity framework was weakened during the tender.

The report found that while the TTA identified conflicts of interest in a timely fashion and there was no evidence of unfair or biased treatment of either individual tenderers or groups of tenderers, TTA's handling of perceived conflicts was not effective. Mr Pearson said, "The NTS tender has been the subject of much public conjecture and community interest, yet the TTA made few if any formal attempts during the procurement to assure the people of Victoria that the tender was being conducted appropriately".

Mr Pearson said, "Communicating to the community clearly and regularly about the process integrity of major tenders and how they are being managed to achieve value-for-money is key to maintaining community trust and confidence. Addressing perceptions of conflicting interests is an important probity consideration often overlooked, and as future major tenders are planned and implemented in Victoria, the NTS experience should be salutary".

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Direct link to report: [http://www.audit.vic.gov.au/reports\\_par/agp128\\_mediarelease](http://www.audit.vic.gov.au/reports_par/agp128_mediarelease)

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