

**AUDITOR GENERAL'S DEPARTMENT
PERFORMANCE AUDIT REPORT
TRANSPORT AUTHORITY
REGULATION OF PUBLIC PASSENGER VEHICLES (PPVs)**



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The Department is headed by the Auditor General, Pamela Monroe Ellis, who submits her reports to the Speaker of the House of Representatives in accordance with Section 122 of the Constitution of Jamaica and Section 29 of the Financial Administration and Audit Act.

This report was prepared by the Auditor General's Department of Jamaica for presentation to the House of Representatives.

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This report contains our findings on the effectiveness of the Transport Authority in reducing illegal activities in the public passenger transportation sector.

Auditor General's Overview

The Transport Authority's (TA) regulatory role in the provision of efficient and effective public passenger transport system is key to the development of a modernized public transport system, an objective of Jamaica's Vision 2030 National Development Plan (NDP). TA's mission is to provide close and effective monitoring of the transportation system and enforce all laws, regulations and agreements relating to public transportation.

Based on concerns regarding the effective use of public resources to deliver a service vital to public safety amidst stakeholders' reports of illegal activities, we conducted a performance audit to determine whether TA's regulation of the public passenger transport sector was effective in reducing illegal activities. The audit concluded that there is no evidence that TA's regulation of the public passenger transport sector was effective despite significant increases in costs related to its monitoring and enforcement activities.

The core operational costs of TA, which relate to its monitoring and enforcement activities, totalled \$4.8 billion for the period 2012-13 to 2016-17; moving from \$792 million in 2012-13 to \$1.2 billion in 2016-17. However, our audit found that TA was not effective in stemming illegal activities and as such, we were not assured that TA received value for money spent in that regard. Further, TA did not use its resources effectively in assessing risks and managing its relationship with stakeholders, which has eroded public confidence. A key strategy and action under Vision 2030 NDP is the development of the proposed long-term plan for the public transport sector by 2012; which includes the creation of a single Road Authority and strengthened capacity to regulate, license and monitor land transportation. However, this is yet to materialize.

I urge TA to consider for implementation the recommendations made in this report, which aim to address weaknesses identified by the audit. Sincere thanks to the management and staff of TA for the cooperation and assistance given to my staff during the audit. Thanks also to all stakeholders who provided valuable insight on the impact of TA's core functions.



Pamela Monroe Ellis, FCCA, FCA, CISA
Auditor General

Key Statistics

20,490

- Licences issued to Public Passenger Vehicles (PPVs) as at March 2017, excluding JUTC buses.

\$4.8B

- Core-operational costs to monitor the public passenger transport sectors between 2012-13 and 2016-17.

68,043

- Enforcement summonses issued in the KMTR between 2012-13 and 2016-17.

53%

- Increase in the number of enforcement summonses from 10,343 in 2012-13 to 15,814 in 2016-17.

66%

- Of the 68,043 enforcement summonses were issued to PPV operators in the KMTR, between 2012-13 and 2016-17.

165%

- Increase in the number of enforcement summonses relating to the seizure of vehicles, for operating illegally.

6,727

- PPV operators were repeat offenders with some committing offences up to 50 times over the four-year period, 2012-13 to 2015-16.

2,372

- Illegal operators each committed repeat offences up to 10 times between 2012-13 and 2015-16.

6,524

- Route taxis and stage carriage licences surrendered, while 2,189 new licences issued in 2016-17.

Executive Summary

We conducted a performance audit to determine whether TA's regulation of the public passenger transport sector was effective in reducing illegal activities. This was against the background of significant complaints from stakeholders and concerns regarding the effective use of public resources in the sector. The audit concluded that there is no evidence that TA's regulation of public passenger transportation was effective, despite significant increases in expenditure on monitoring and enforcement as well as public awareness programmes. We were not assured that TA received value for money spent in that regard. Limitations in how TA assessed risks and managed stakeholder relations were some of the factors inhibiting TA's ability to make better use of its resources to achieve meaningful results.

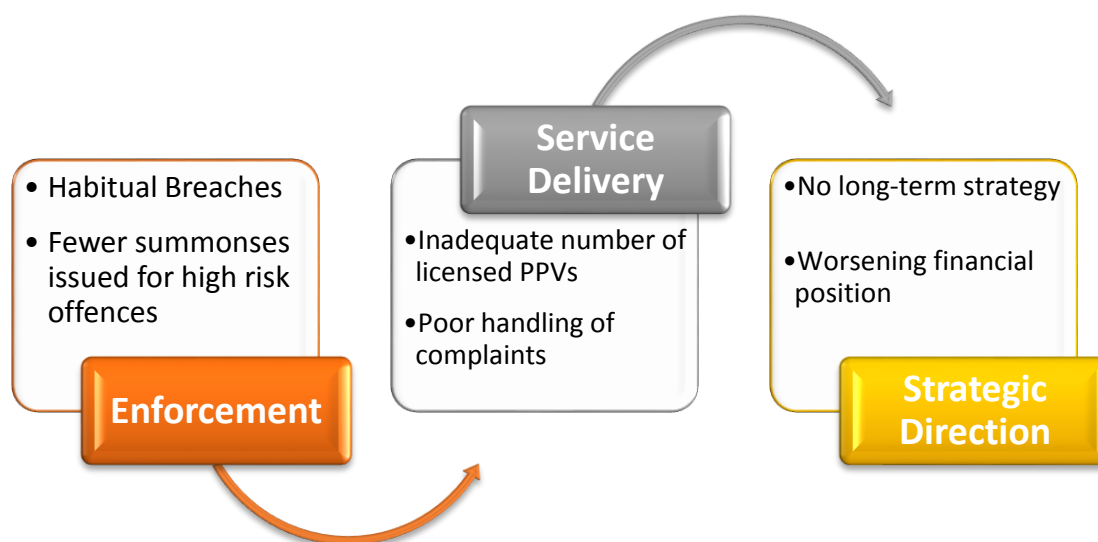
We based our conclusion on the evidence gleaned from our analysis of data, information obtained from TA and discussions with key stakeholders. Part One of this report introduces TA's role, mission and legal mandate. Our analyses and observations are found in Parts 2 and 3, which are entitled Monitoring and Enforcement and Managing Stakeholder Relationships, respectively.



Key Audit Question

Is TA's regulation of public passenger transportation effective in reducing illegal activities?

What we found



Monitoring and Enforcement

1. **In an effort to enhance its enforcement role, TA increased its monitoring and public awareness activities to encourage compliance.** TA increased the number of inspectors by 50 per cent, which contributed to an increase in the number of summonses issued to 15,814 in 2016-17 from 10,343 in 2012-13. In addition, in October 2015, TA launched a public awareness campaign highlighting the dangers of using illegal transportation¹. The increased activities contributed to its core-operational costs moving to \$1.2 billion in 2016-17 from \$792 million in 2012-13. Over that period, TA's core-operational costs totalled \$4.8 billion.
 - I. **The increased issuing of summonses failed to deter the habitual breaches by licensed PPV and illegal operators; hence, there is no evidence of TA's effectiveness in stemming illegal activities.** For example, we found that 1,173 PPV operators in the Kingston Metropolitan Transport Region (KMTR) were repeat offenders being issued summonses between 11 and 50 times over the period. Further, 5,554 PPV and 2,372 illegal operators each committed breaches up to 10 times.
 - II. **TA issued fewer summonses for high-risk offences. Of the 68,043 summonses issued in the KMTR, 66 per cent were for low risk offences².** The number of summonses issued to illegal operators, over the period, was only seven per cent of the total, although data provided in TA's route feasibility survey for Kingston and St Andrew (KSA) in 2015 suggested that illegal taxis outnumbered licensed taxis by 6:1.
 - III. **In assessing suitability of PPV operators when renewing licences, TA did not consider summonses for past offences.** We found no evidence that TA tracked the status of summonses through the courts; consequently, TA did not utilize its powers to suspend or revoke licences and badges. TA is currently preparing a suspension and revocation policy.
2. **An inadequate supply of PPVs may have fostered the prevalence of illegal operators.** Having an adequate supply of licensed PPVs is essential to an effective public transportation system that provides commuters with the most efficient and safest option to access services and activities. Information provided by TA revealed that only 38 per cent and 48 per cent of available spaces for route and stage carriage licences, respectively, were taken up in 2016-17. In addition, TA issued 2,189 new licences while 6,524 licences were surrendered. We found that for the period 2012-13 to 2016-17 there was a trend decline in the number of new licences issued and trend increase in the number of licences surrendered. TA has not conducted an all island route feasibility-survey since 2012, to ascertain the demand for public transportation. The survey conducted in 2012 revealed that 18,258 route taxis were required; however, only 15,722 licences were issued leaving a shortfall of 2,536 licensed taxis on 959 routes. At that time, the survey had showed that 4,413 vehicles were operating illegally as taxis.

¹ (2015-16 Annual Report)

² These include offences such as conductors not issuing tickets, drivers and conductors not wearing uniforms, failure to keep and record in logbook, not stopping at bus stop and disobeying inspectors.

TA acknowledged that despite increasing the number of inspectors by 50 per cent, it did not achieve its target to reduce the number of illegal operators; and has made it a priority in its 2018-21 Corporate Plan³.

- I. **We saw no evidence of a long-term strategy to discourage illegal operators, which would contribute to TA's relevance and effectiveness in regulating the public passenger transportation sector.** This indicates a disconnect between TA's mandate and Vision 2030 Outcome #9 which envisages a modernized public transport system that contributes to improved quality of life for Jamaicans. The development of a long-term plan for the public transport sector by 2012 was a key strategy and action under Vision 2030, which includes the creation of a single Road Authority and strengthened capacity to regulate, license and monitor land transportation. However, this is yet to materialize.
3. **To its credit, TA acquired a Road Operations Management (ROM) system at a cost of US\$51,000 to improve its monitoring and enforcement capacity.** The system provides TA's inspectors with access to information on traffic offences, traffic tickets, road licences and driver history, while on the road. However, TA did not configure the ROM system to analyse the data collected, but relied primarily on anecdotal evidence such as inspectors' observations, local knowledge of the area and liaising with the police⁴. Given the ratio of one inspector to 138 licensed PPVs and the high number of illegal operators, a more robust risk assessment is necessary to inform optimal deployment of resources.
4. **TA purchased major assets without adequate due-diligence, which contributed to losses of \$141 million in 2016-17, relative to \$3 million in 2014-15.** In 2014, TA purchased the JAMINTEL building for \$150 million to relocate TA's corporate office. In addition, TA purchased five buses in 2016 costing \$115 million for transporting inspectors to assigned locations. TA subsequently indicated that these assets were not feasible for the intended purposes and is seeking to dispose of them.

Managing Stakeholder Relationships

5. **TA developed a policy for engaging stakeholders and established a medium to hear their views and receive complaints⁵.** However, TA did not document its procedures to ensure a consistent approach in handling stakeholders' concerns and complaints, as well as to monitor performance in this area⁶. For example, TA engaged stakeholders in regular consultative meetings, but we found no evidence that TA followed-up critical issues and communicated outcomes to stakeholders. The absence of documented procedures to handle stakeholders' complaints, contributed to the inefficient handling of complaints, which could affect public confidence and TA's ability to execute its core mandate.

³ 2013-14 and 2014-15 annual reports

⁴ Assessment done at daily briefing sessions.

⁵ Stakeholder Engagement Forum: Citizen Feedback – Suggestion box, media monitoring, public opinion research and customer satisfaction survey.

⁶ Particularly PPV owners, operators, their lobby groups and the public.

What should be done

1. TA needs to immediately review its approach in dealing with illegal operators and devise sustainable strategies to discourage this practice. This should include an urgent review of the adequacy of PPV licences and routes.
2. TA's strategic direction can benefit from the proposed development plan for the public transport sector, which will require fast tracking, in the context where there are only 13 years remaining to achieve the goal to develop a world-class public transportation system under Vision 2030 National Development Plan (NDP).

Part One

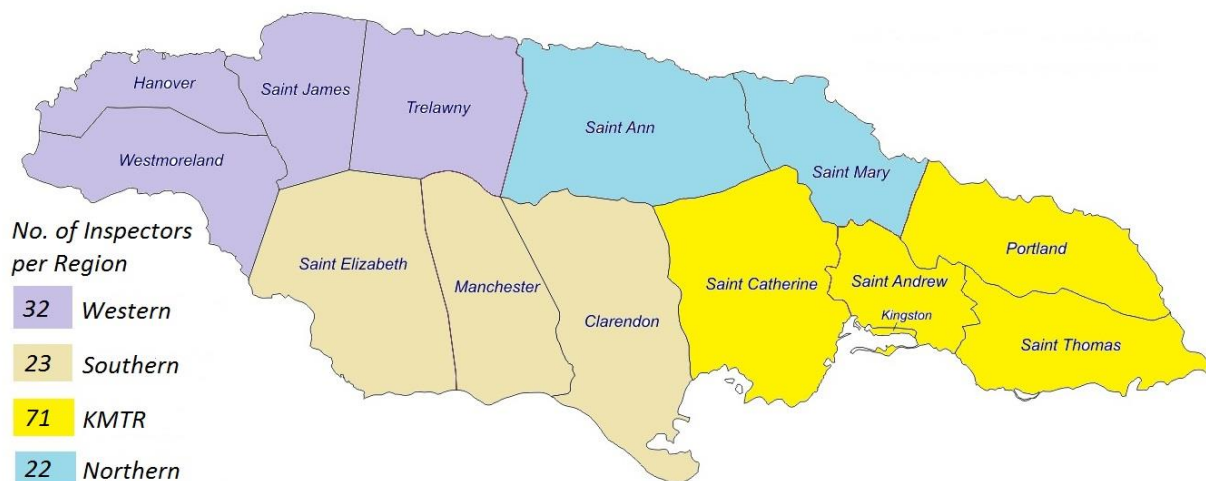
Introduction

TA's role, mission and legal mandate

1.1 The primary role of Transport Authority (TA) is to license all public passenger and commercial vehicles, regulate and monitor the public passenger transport sector to encourage compliance with requisite laws. TA is responsible for the implementation of policies and systems to effectively carry out its regulatory functions, to provide close and effective monitoring of the transportation system as well as enforce all laws, regulations and agreements relating to public transportation.

1.2 TA executes its mandate under the Transport Authority Act (1987), Road Traffic Act (1938), and Public Passenger Transport Act and Regulations, through the deployment of inspectors in four regions (**Picture 1**). As at March 2017, there were 20,490 licensed Public Passenger Vehicles (PPV) in Jamaica, excluding buses operated by the GOJ-owned transit company⁷. The majority, 13,659 (67 per cent) were taxis and stage carriage vehicles, which are major modes of public transportation.

Picture 1 Deployment of Inspectors by Transport Region



Source: AuGD

⁷ Jamaica Urban Transit Company (JUTC).

Rationale for the audit

1.3 Our rationale to undertake this audit was based on public concerns regarding illegal activities in the public passenger transport system and TA's effectiveness in monitoring this service, in the interest of public safety. In scoping the study, we considered how it would contribute to the achievement of the Auditor General's wider strategic aims to:

- improve the use of public funds through better Governance and Resource Management, which is one of the Auditor General's Department's (AuGD) Audit Themes;
- provide assurance to Parliament and the public on the efficiency, effectiveness and economy of the operations of Government Ministries, Departments and Agencies (MDAs) ([Appendix 1](#)); and
- provide an indication of activities advanced by MDAs towards achieving Vision 2030 NDP outcomes.

The audit objective, scope and methodology

1.4 The audit sought to determine if TA's regulation of public passenger transportation is effective in reducing illegal activities. For the purpose of this report, we defined illegal activities as:

- Actions undertaken by a licensed PPV operator that are inconsistent with the Road Traffic Act, other laws and the terms and conditions of their licence⁸; and
- Persons operating vehicles as public passenger vehicle without the necessary licence as required under the Road Traffic Act⁹.

1.5 The audit focused mainly on TA's monitoring and enforcement activities, as it relates to public passenger vehicles and covers the financial years, 2012-13 to 2016-17. We based our assessment on the review of internal and external documents, interviews with senior management and staff, observations and analysis of data and information provided by TA.

1.6 We planned and conducted our audit in accordance with the Government Auditing Standards, which are applicable to Performance Audit, as well as standards issued by the International Organization of Supreme Audit Institutions (INTOSAI). In this regard, we gained knowledge of TA's operations through a review of internal and external information, interviews with management, staff and other stakeholders, observations, walkthroughs and analytical reviews. We conducted risk assessment and developed an issue analysis with the questions, which the audit sought to answer in order to form our opinions and conclusions. We conducted fieldwork, between June 19 and July 28, 2017, to gather sufficient and appropriate audit evidence to support the audit findings, opinions and conclusions.

⁸ TA can only issue summonses for breaches of the Transport Authority Act and PPV licence

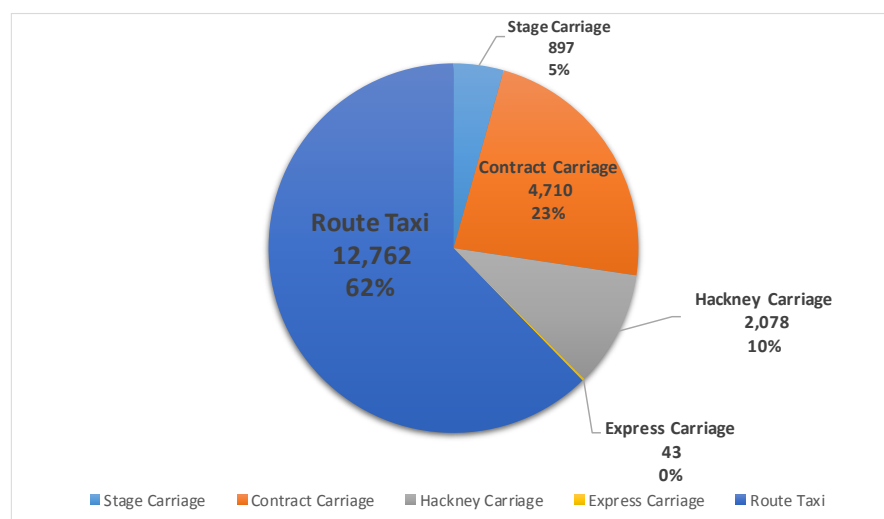
⁹ Section 61(1) Road Traffic Act 1938, "Subject to the provision of subsection (6), no person shall use or cause or permit a motor vehicle to be used on any road as a public passenger vehicle unless he is the holder of a licence."

Part Two

Monitoring and Enforcement

2.1 The Road Traffic Act requires all vehicles operating as Public Passenger Vehicles (PPV) to be licensed. Transport Authority (TA) licenses five categories of PPVs, excluding buses operated by the GOJ-owned transit company¹⁰, namely: route taxis; stage; hackney; contract and express carriage. There were 20,490 Public Passenger Vehicles (PPVs) licensed by the TA, as at March 2017. Of this number, the majority, 12,762 (62 per cent) were taxis and 897 (five per cent) were stage carriage vehicles, which are major modes of public passenger transportation in Jamaica. The others, hackney, contract and express carriage vehicles, when combined, represented 6,831 (33 per cent) of the total licensed PPVs (**Figure 1**). Given the prevalence of illegal activities in the public passenger transport sector, TA's monitoring and enforcement role is a key element in controlling violations, which can facilitate greater passenger safety.

Figure 1 Analysis of licensed PPVs as at March 31, 2017



Note:

TA implemented colour coding of PPVs. Stage carriages vehicles are colour coded yellow, route taxis have a black and white checkered strip, while hackney carriages have black, yellow-checkered strips printed on both sides. A globe bearing the word 'TAXI' - affixed on the roof of all taxis. All PPVs have a red licence plate affixed.

Source: AuGD compilation and analysis of data provided by TA

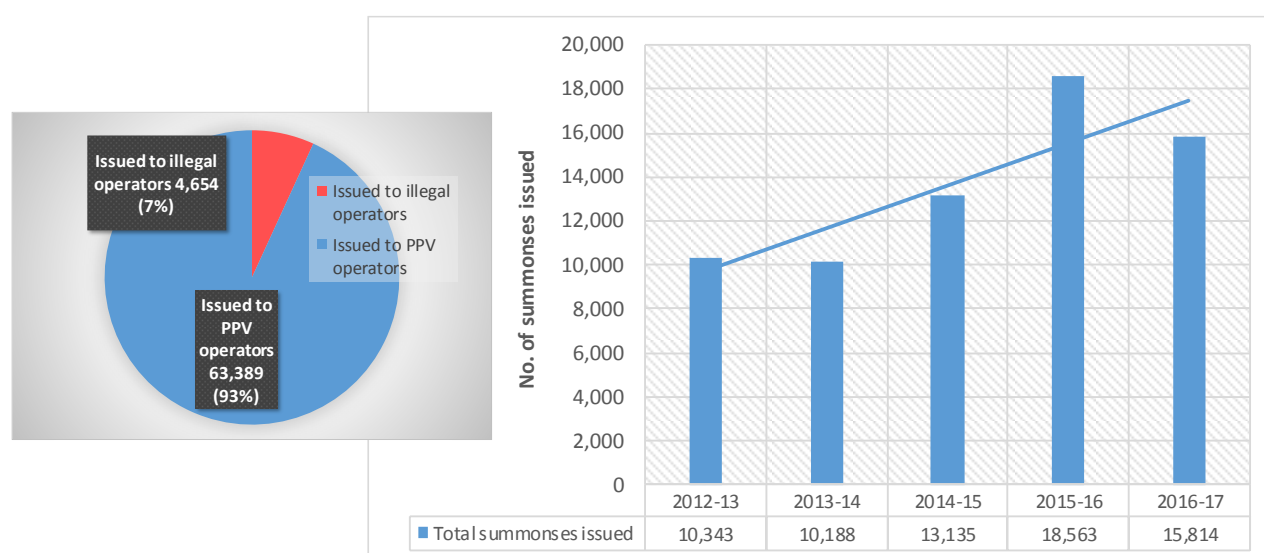
¹⁰ Jamaica Urban Transit Company (JUTC).

Illegal activities increased despite greater expenditure on monitoring and enforcement

2.2 Core-operational costs relating to TA's monitoring and enforcement totalled \$4.8 billion for the period 2012-13 to 2016-17. Of note, these costs increased to \$1.2 billion in 2016-17 from \$792 million in 2012-13. However, given the increase in illegal activities over this period, we were not assured that the increase in monitoring and public awareness programmes, aimed to encourage the safe use of licensed PPVs, had a positive impact on compliance, despite the increased expenditure.

2.3 The level of illegal activities increased despite an increase in the number of summonses issued for offences each year by TA's inspectors. Our analysis of TA's data showed that the number of summonses issued by inspectors, over the assessed period, totalled 68,043 summonses in the Kingston Metropolitan Transport Region (KMTR). In particular, the number of summonses issued increased by 79 per cent to 18,563 in 2015-16, from 10,343 in 2012-13, but fell by 15 per cent to 15,814 in 2016-17. The majority of the summonses, 63,389 (93 per cent) were issued for breaches committed by PPV operators, while 4,654 (7.0 per cent) were issued to illegal operators¹¹ (**Figure 2**).

Figure 2 TA issued 68,043 summonses in the KMTR between 2012-13 and 2016-17



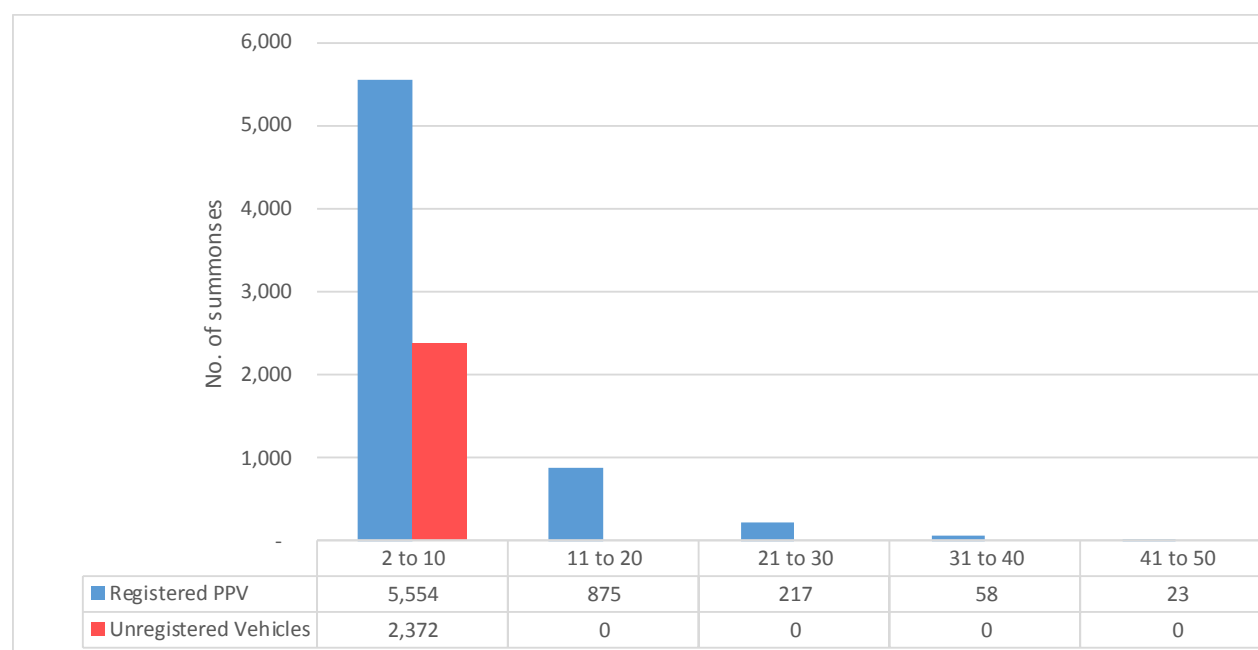
Source: AuGD analysis of data provided by TA

¹¹ Operating in breach of Section 61(1) of the Road Traffic Act 1938

Offenders continued to commit multiple offences despite being issued summonses

2.4 TA's enforcement activities were an insufficient deterrent to the habitual breaches by licensed PPV and illegal operators. Our analysis showed that the increased number of summonses issued largely related to the same offenders who committed breaches multiple times. An analysis of repeat offences in the KMTR showed that 6,727 PPV operators committed breaches multiple times over the four-year period, 2012-13 to 2015-16. We found that 1,173 PPV operators were each issued summonses between 11 and 50 times; meanwhile, 5,554 PPV and 2,372 illegal operators were each issued summonses up to 10 times (**Figure 3**).

Figure 3 Operators committing multiple offences in KMTR, 2012-13 to 2015-16



Source: AuGD analysis of summonses issued by TA

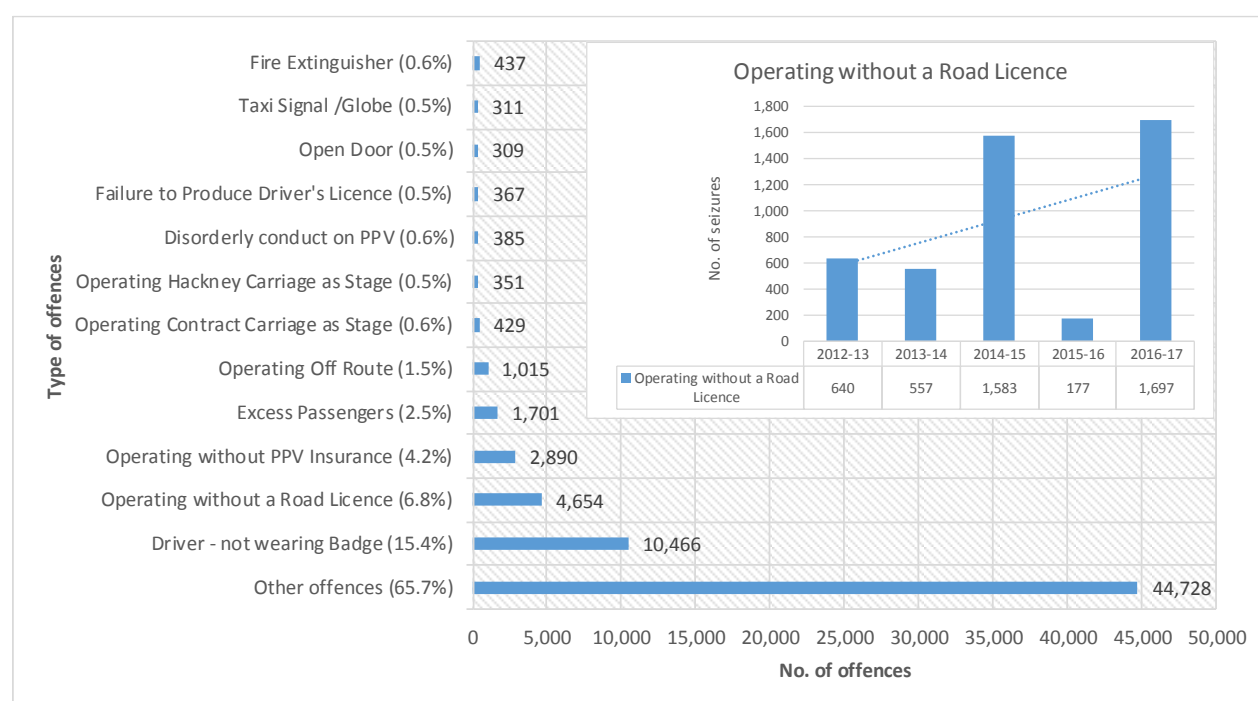
2.5 Upon issuing a summons, offenders are required to attend Court. However, TA indicated that “the issue of punishment, which is the ultimate deterrent, is solely within the remit of the Courts”, which determines and collects fines for breaches. However, TA has the power to suspend or revoke licences and badges, but the Authority provided no evidence that it exercised this power within the last five years¹². TA provided a draft policy for the suspension and revocation of licences and badges, which it intends to implement by September 2017.

¹² Section 84 Road Traffic Act states that the Licensing Authority (TA) being the issuer of a license can revoke or suspend any such license.

Sixty-six (66) per cent of the summonses issued were for low risk breaches

2.6 TA surveys identified that many individuals were using vehicles without the requisite road licences to carry public passengers on various routes island-wide, in breach of the law. We found that 44,728 or 66 per cent of the 68,043 summonses issued to PPV operators over the five-year period, 2012-13 to 2016-17, were for low risk offences¹³. Although summonses relating to the seizure of illegal operations increased from 640 in 2012-13 to 1,697 in 2016-17, the number issued for this offence represented only seven per cent of the total summonses issued over the period, suggesting limited effect on compliance (**Figure 4**). At the same time, the Authority's surpluses generated from its pound facilities for seized vehicles, fell to \$59 million in 2016-17 from \$92 million in 2012-13, suggesting that TA was also not optimising its ability to earn revenue despite its relatively weak financial position.

Figure 4 Summonses by type issued in the KMTR, 2012-13 to 2016-17



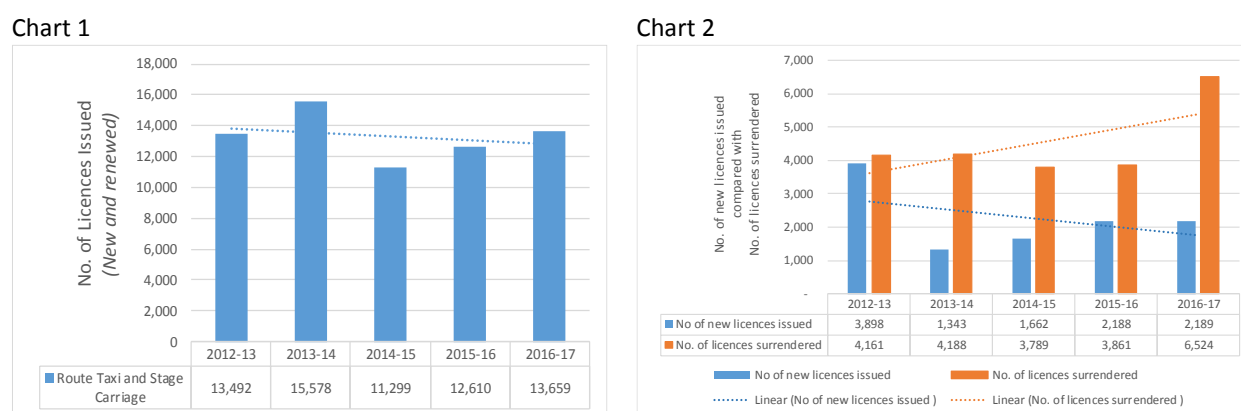
Source: AuGD analysis of data provided by TA

¹³ These include offences such as conductors not issuing tickets, drivers and conductors not wearing uniforms, failure to keep and record in logbook, not stopping at bus stop and disobeying inspectors.

Downward trend in licensed taxi and stage carriage PPVs despite increased passenger demand

2.7 Having an adequate supply of licensed PPVs is essential to an effective public transportation system that provides passengers with the most efficient and safest option to access services and activities. Despite TA indicating the need for more vehicles on many routes it surveyed, based on passenger demand, our analysis showed a downward trend in the number of licensed taxi and stage carriage PPVs, because the number of licences surrendered each year, for these types of PPVs, was greater than the number of new licences issued (**Figure 5**).

Figure 5 Trend analysis of route taxi and stage carriage licences, 2012-13 to 2016-17



Source: AuGD compilation and analysis of data provided by TA

2.8 The inadequate supply of licensed PPVs to meet the demand of commuters fostered opportunities for expansion in the number of illegal operators. Information provided by TA revealed that for the 2016-17 period, spaces were made available for 6,592 route taxis and 292 stage carriage licences; however, the take-up rates were only 38 per cent and 48 per cent, respectively. Meanwhile, all available spaces for hackney and contract carriage licences were taken-up. TA issued 2,189 new licences while 6,524 licences were surrendered in 2016-17 for route taxis and stage carriage PPVs. We found that for the period 2012-13 to 2016-17 there was a trend decline in the number of new licences issued and trend increase in the number of licences surrendered. Although TA conducted route feasibility surveys, to collect general information to assess the adequacy of routes and supply of licenced route taxis, the last survey was only for the KMTR in 2015. TA has not conducted an all island survey since 2012 to ascertain the demand for public transportation. The survey conducted in 2012 revealed that 18,258 route taxis were required; however, only 15,722 licences were issued leaving a shortfall of 2,536 licensed taxis on 959 routes. At that time, the survey had showed that 4,413 vehicles were operating illegally as taxis ([Appendix 2](#)).

2.9 We also observed that the issue of illegal operators was more prevalent in Kingston and St. Andrew (KSA), where there were 934 vehicles operating illegally as taxis compared to 201 licensed operators, implying that for every licensed operator, there were five illegal operators. As at March 2017, TA only issued 203 licences to route taxis in KSA. Based on TA's survey of 135 routes in 2015, the number of route taxis required was 307, representing a shortage of 104. The surveys further identified 1,157 illegal

operators in KSA, which indicated that for every licensed operator, there were six illegal operators. Accordingly, Jamaica faces challenges achieving one of the strategic outcomes under Vision 2030 NDP to “extend taxi routes and licensing to meet demand of travelling public.” In its 2013-14 and 2014-15 annual reports, TA reported that despite increasing the number of inspectors by 50 per cent, it did not achieve its target to reduce the number of illegal operators; and has made it a priority in its 2018-21 Corporate Plan¹⁴.

2.10 TA highlighted that “there are several factors, which have contributed to the increase in the number of illegal taxi operators in the Kingston Metropolitan Transport Region (KMTR) during the period 2012-13 and 2016-17. One major prohibiting factor is the exclusive licence granted by the government in 1988 to the Jamaica Urban Transit Company Limited (JUTC), a government-owned company, to operate within the KMTR pursuant to section 3(1) of the Public Passenger Transport (Kingston Metropolitan Transport Region) Act, 1947.” Further, TA stated that it “is not allowed to grant route taxi road licences in the KMTR without the consent of the JUTC and/or the Minister of Transport and Mining.”

History of offences not considered in assessing PPV operators risks profile and suitability

2.11 TA failed to assess adequately, the profile of PPV operators in determining their suitability before renewing PPV licences and badges. TA licensing department processes applications and issues road licence for vehicles to operate as PPVs and issues badges to drivers and conductors to operate these vehicles. TA has policies and procedures to guide the process in reviewing applications for road licences, badges and suspending and revoking licences¹⁵. As part of the process to verify the suitability of vehicles, drivers and conductors, all applicants for licences and badges are required to submit various documents, along with a completed application form¹⁶. TA mainly issues summonses to enforce compliance during its monitoring activities. However, in assessing suitability when renewing licences, TA did not include in its procedures, the requirement to analyse history of offenses committed by PPV operators, to inform its decision to renew licences and badges.

2.12 Our review also indicated the likelihood that many drivers of PPVs are operating without the required badge, which cost \$3,000. An analysis of TA’s badge database revealed that as at March 2017, only 3,286 drivers of PPVs were operating these vehicles with valid badges, when compared with the 20,490 PPVs. This would suggest that 17,204 operators were operating PPVs either with expired badges or without a badge, indicating only a 16 per cent compliance rate. TA subsequently provided information to indicate that 6,291 drivers had valid badges. Of note, between 2012-13 and 2016-17, TA issued 10,466 summonses to drivers for failure to wear badges and who are posing a risk to public safety. While the disparity in the numbers highlights a deficiency in TA’s record keeping, the fact that individuals are operating PPVs without the required badges, also suggests that TA is not maximizing its revenue potential.

TA’s monitoring was not informed by adequate risk assessments to ensure effective use of resources

2.13 At the time of our audit, TA operated with a complement of 148 inspectors, 36 (20 per cent) below the approved establishment of 184. Given the ratio of one inspector to 138 licence PPVs and the high

¹⁴ TA 2013-14 and 2014-15 annual reports,

¹⁵ Licensing policy and procedures manual (amended August 2016)

¹⁶ Registration, fitness and insurance certificates, police certificate, valid identification, recommendation from a notary public, Taxpayer Registration Number (TRN) and proof of address.

number of illegal operators, the optimum deployment of inspectors and use of resources depend on TA's ability to assess risk adequately. Robust risk assessments and mitigation strategies are essential to planning and monitoring to ensure the delivery of cost effective services and achievement of value for money.

2.14 However, TA based its risk assessment primarily on inspectors' observation, local knowledge of the area and liaising with the police¹⁷. Analyses that incorporate data from its enforcement activities and public complaints could have aided the Authority in its assessment of risk to better scope its monitoring activities to optimise operational efficiency. Further, TA did not provide evidence of a documented strategy to guide the assessment of risks, to ensure that its monitoring activities focused on areas that posed greater risks in the public passenger transport sector.

TA did not optimise use of technical resources to ensure the achievement of value for money

2.15 TA spent USD \$50,826 to acquire a mobile Road Operations Management (ROM) system to improve its enforcement activities. The ROM system, which is a web application software, allows inspectors to perform checks on all motor vehicles, drivers and conductors while on the road. Inspectors also use the system to issue summonses, warning notices and setting court dates for individuals issued with summonses and recording court outcomes. The system captured data such as the offenders' name and address, the nature of offence committed, date of offence; vehicle registration; drivers licence and tax registration numbers. However, TA did not configure the system to analyse data collected from its enforcement activities, which could aid its risk assessment and decision-making at the strategic level.

2.16 TA indicated that it used the system to produce operational reports on monitoring activities and summonses issued. However, TA was unable to provide information on the number of monitoring activities conducted in each of the last five years, to further our analysis. In addition, we found no evidence that TA utilized the system to track the outcome of enforcement summonses through the courts.

2.17 In its response, TA indicated that:

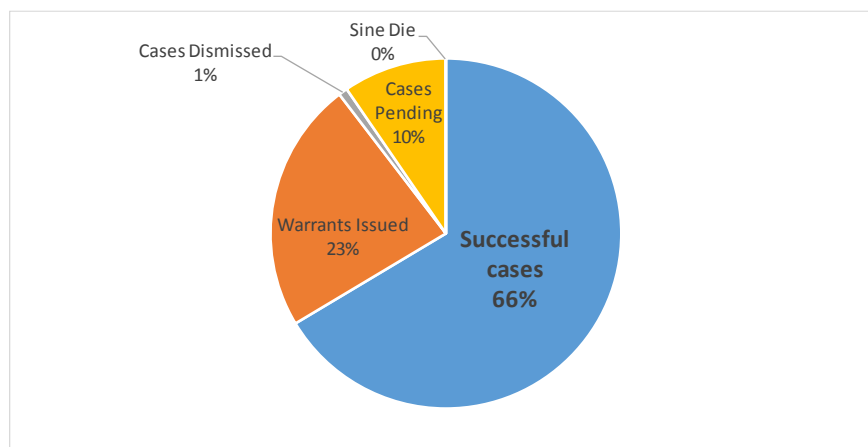
"The outcome of court matters is logged in a 4 quire book by Court Liaison Officers or the assigned Route Inspector. The information is then transferred into large court books which are kept at all regional offices."

2.18 TA subsequently provided information, which indicated that it issues 186,601 summonses over the period 2012 to 2017, of which 66 per cent were successful (**Figure 6**).

¹⁷ Assessment done at daily briefing sessions.

Figure 6 Analysis of court outcomes of TA summonses

*



Source: AuGD analysis of data provided by TA

2.19 TA also acquired three other systems to enhance its licensing, badge and pound operations. We observed that TA inputted similar data in the individual systems that operated in silos and not integrated to accurately capture and analyse data for strategic decision-making. TA requires the Pound Operations Management (POM) system to provide greater controls over its pound operations. However, TA continued to use logbooks to record its daily inventory of vehicles at the pound instead of the computerized system, which heightened the risk of vehicles going missing without detection, thereby exposing the Authority to unnecessary financial costs. From our sample of 40 vehicles recorded in the logbook at one of TA pound facilities, we were not able to verify the physical existence of 14 of the vehicles, for which TA could not account. Consequently, we could not ascertain how TA would be assured that it received value for money spent on the system.

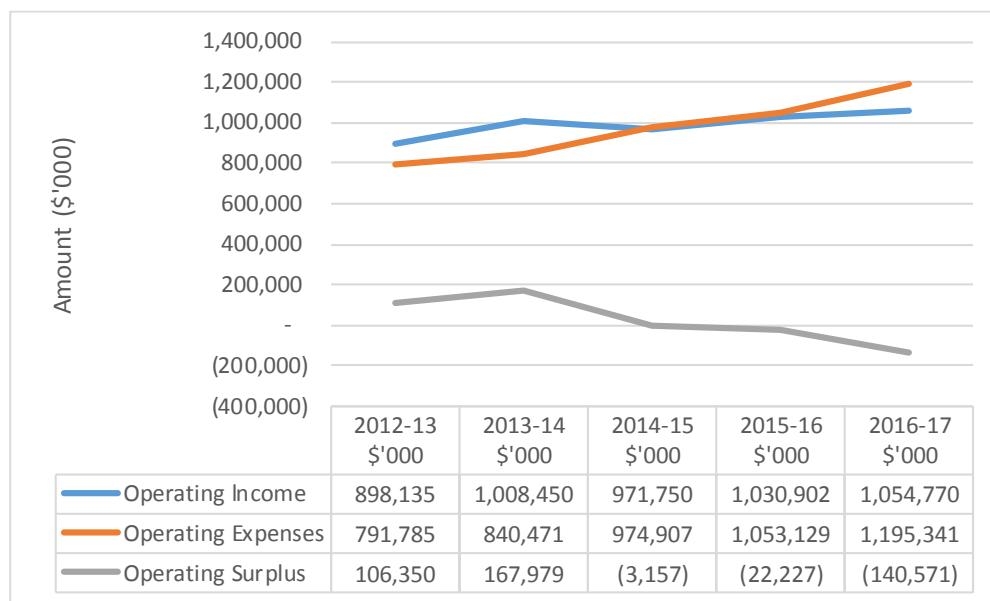
A long-term development plan for the transport sector, which could benefit TA, failed to materialize

2.20 TA's relevance and effectiveness require a long-term development plan for the public passenger transportation sector, which can meet the demand of the travelling public and reduce illegal activities. The development of a the long-term plan for the public transport sector by 2012 was a key strategy and action under Vision 2030, which includes the creation of a single Road Authority and strengthened capacity to regulate, license and monitor land transportation. However, this is yet to materialize.

TA's effectiveness was also constrained by deteriorating finances partly due to imprudent decisions

2.21 TA did not always exercise prudent financial management, which has contributed to the Authority's deteriorating financial position. TA reported operational losses for three consecutive years, increasing to \$141 million in 2016-17 from \$3 million in 2014-15 (**Figure 7**). TA experienced a deteriorating financial position as expenditure increased at a faster rate than revenue. However, TA did not disaggregate the costs of its activities to understand cost-drivers. Consequently, we were unable to determine how the Authority managed the costs related to its core operational activities.

Figure 7 Analysis of TA's operating income and expenditure



Source: AuGD TA's financial statements

2.22 In 2014, TA purchased the JAMINTEL building for \$150 million to relocate TA's corporate office. Prior to its decision to acquire the property, TA estimated a renovation cost of \$300 million. The Board approved the purchase in March 2013 and acquired the building in 2014. TA subsequently indicated that the JAMINTEL building was not suitable for its corporate office, as it required extensive renovation in excess of the initial estimate¹⁸. TA incurred additional cost of \$17.2 million for security as at March 2017. Furthermore, in 2016, TA purchased five 39-seater buses costing \$115 million for transporting inspectors to assigned locations, without conducting the requisite cost benefit analysis. Thereafter, TA indicated that the buses were neither feasible for the intended purpose nor cost effective. TA is seeking to dispose of the JAMINTEL building and the buses but may experience difficulty disposing them in reasonable time without incurring greater losses. The lack of operational benefits from these investments underscored TA's imprudence in its decision-making. In addition, as at March 2017, JUTC owed TA sums totalling \$188 million for trade receivables and loans (including interest). Of this amount, TA made provisions for \$151 million, which also undermined its financial position.

¹⁸ Board minutes dated April 2016

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Part Three

Managing Stakeholder Relationships

TA did not foster the confidence of its key stakeholders in its regulatory and enforcement activities

3.1 The effective management of relationship with key stakeholders is essential for TA to better execute strategies and encourage voluntary compliance in regulating PPVs. TA's largest body of stakeholders is the PPV operators along with their lobby groups and citizens, particularly users of public transportation. TA developed a policy to engage stakeholders through regular consultative meetings and established medium to obtain feedback, including complaints¹⁹. TA hosted over 100 consultative meetings between April 2012 and March 2017, maintained minutes and included briefings of the purpose of these meetings in its monthly communications reports. Although TA viewed complaints resolution and customer satisfaction as an important part of the process for continuous improvement, we found no evidence of a mechanism to follow up concerns or channel critical issues to those charged with governance for consideration. We reviewed the minutes of board meetings held between 2012-13 and 2016-17, and found no evidence of deliberations on stakeholders concerns from these meetings. In addition, we saw no evidence where TA communicated outcomes to stakeholders.

TA did not have an effective system to manage complaints and measure performance

3.2 TA provides various methods for citizens to file complaints such as telephone, fax, email, mail or pre-printed form with the latter, available at TA's offices and its website. TA compiled all written complaints in manual folders and those received by telephone were logged in an excel database along with all other queries. Despite TA's requirement to provide responses within 13 days, we saw no evidence of documented procedures to collate, track and provide feedback for complaints. This not only hindered TA's ability to efficiently handle and respond to complaints, but in a context where TA did not monitor its performance in this area, we were not certain how TA informed itself on whether or not it was achieving its target to investigate complaints.

3.3 TA acknowledged that strong partnership which are mutually beneficial, could strengthen alliances, enhance trust and increase stakeholders' participation in decision-making and indicated that it used its stakeholder analysis to identify and assess the influence and importance of key people, groups or organizations that may significantly affect the success of planned activities²⁰. Hence, if TA is to assure itself that its strategies to manage PPVs and enforce regulations are effective, TA must implement mechanisms to address and monitor stakeholder concerns and complaints.

¹⁹ Stakeholder Engagement Forum: Citizen Feedback – suggestion box, media monitoring, public opinion research and customer satisfaction survey.

²⁰ Corporate Plan 2015-18

TA did not investigate complaints in the stipulated time or timely manner

3.4 Through its Citizens' Charter, TA commits to investigate complaints from stakeholders regarding the operations of PPVs in a timely manner. We collated 200 complaints TA received from stakeholders, between September 2012 and June 2017 and found that TA only resolved 47. Only nine were resolved within the stipulated 13 days; while, TA did not complete the investigation of 38 within the stipulated time, for periods up to 173 days. Of the remaining 153, two remained unresolved since 2012, and we could not determine the status of 151 (**Figure 8**). We noted that stakeholders made 37 complaints to TA regarding the conduct of its inspectors. Of these, TA only resolved six, two were unresolved and the status of the remaining 29 was unknown. This added merit to concerns raised by stakeholders regarding TA's handling of complaints against its staff and suggestions of a possible conflict of interest.

Figure 8 Analysis of stakeholders' complaints, 2012 - 2017

Table 1

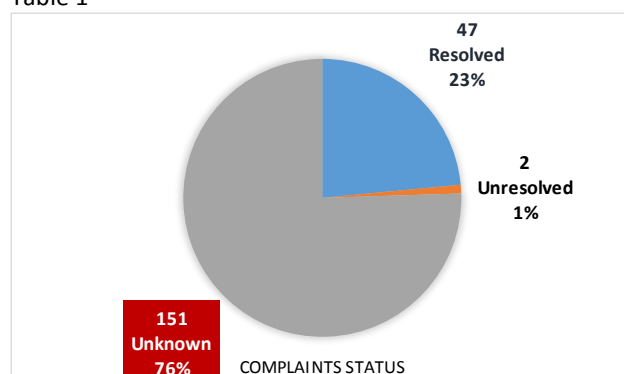
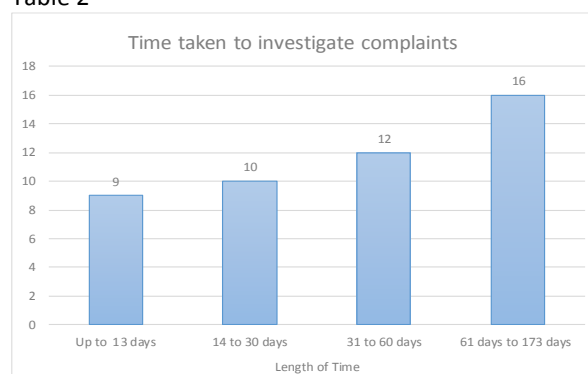
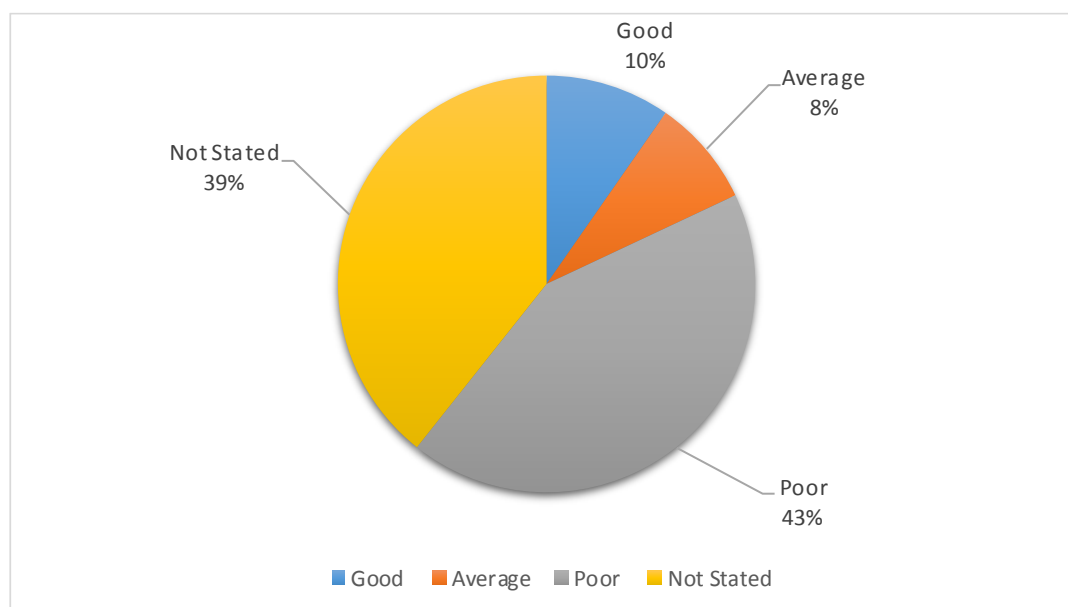


Table 2



Source: AuGD's analysis of TA complaints

3.5 TA's communication policy, reflected in its 2015-18 and 2018-21 Corporate Plans, recognized that in order to develop effective strategies to achieve its goals, the Authority would need to focus on stakeholders' needs and expectations. However, TA has not delivered on this commitment due to the absence of documented procedures to manage this activity. In a customer satisfaction survey conducted in 2013, of the 78 respondents, 43 per cent indicated that the time taken to handle complaints was poor, 18 per cent of the respondents gave TA a rating between fair and good, while 39 per cent did not provide a response (**Figure 9**).

Figure 9 Analysis of TA's Customer Survey, 2013

Source: TA Survey 2013

TA did not consistently monitor and measure outcomes against its standards for service levels

3.6 TA outlined 15 service level standards in its 2014 Citizens Charter and subsequently increased the number of service standards to 34 in its 2017 Citizens Charter. However, we saw no evidence how TA satisfied itself that it achieved the service level standards. For example, in 2015, TA conducted a mystery shopper experience, which for the most part identified poor customer service, recommended training for staff and an urgent requirement for TA to conduct a customer service survey. In response, TA conducted two customer service trainings for front-line staff between 2015 and 2017, but did not follow up with surveys in the ensuing years up to 2017, to determine whether stakeholders' satisfaction levels benefitted from improved staff competencies. TA noted its intention to conduct a Knowledge, Attitudes and Practices (KAP) survey in 2017 "to establish the baseline for increased and sustained communication campaigns to promote greater visibility of the Authority and to transform the image of the Authority into a customer-focused entity."

3.7 Further, TA has suggestion boxes at its Corporate Offices, but there is no evidence that these were effectively utilized, as TA did not provide pre-printed feedback forms for customers to complete. If this feedback system was functional, TA could have used responses to measure and manage service standards. Consequently, TA may not achieve much progress in meeting these standards if a robust system is not implemented to monitor and measure performance.

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Appendices

Appendix 1 Building blocks of Value for Money (VFM)



Appendix 2 Results of TA's all Island route feasibility survey, 2012

Parish	No. of Illegal Operators	No. of Routes Surveyed	No. of Vehicles Required	No. of Licences Issued	Shortage in licensed PPVs	Ratio of Licensed PPV to illegal operators
Kingston & St. Andrew	934	102	276	201	75	4.6
St. Catherine	597	112	3,135	3,093	42	0.2
Clarendon	250	90	1,836	1,649	187	0.2
Manchester	81	85	2,420	2,210	210	0.0
St. Elizabeth	347	95	1,123	713	410	0.5
Westmoreland	329	78	1,417	1,150	267	0.3
Hanover	204	42	483	336	147	0.6
St. James	307	86	3,235	2,890	345	0.1
Trelawny	235	41	379	267	112	0.9
St. Ann	445	99	2,055	1,851	204	0.2
St. Mary	362	58	718	426	292	0.8
Portland	200	38	608	478	130	0.4
St. Thomas	122	33	573	458	115	0.3
Total	4,413	959	18,258	15,722	2,536	

Source: Data provided by TA