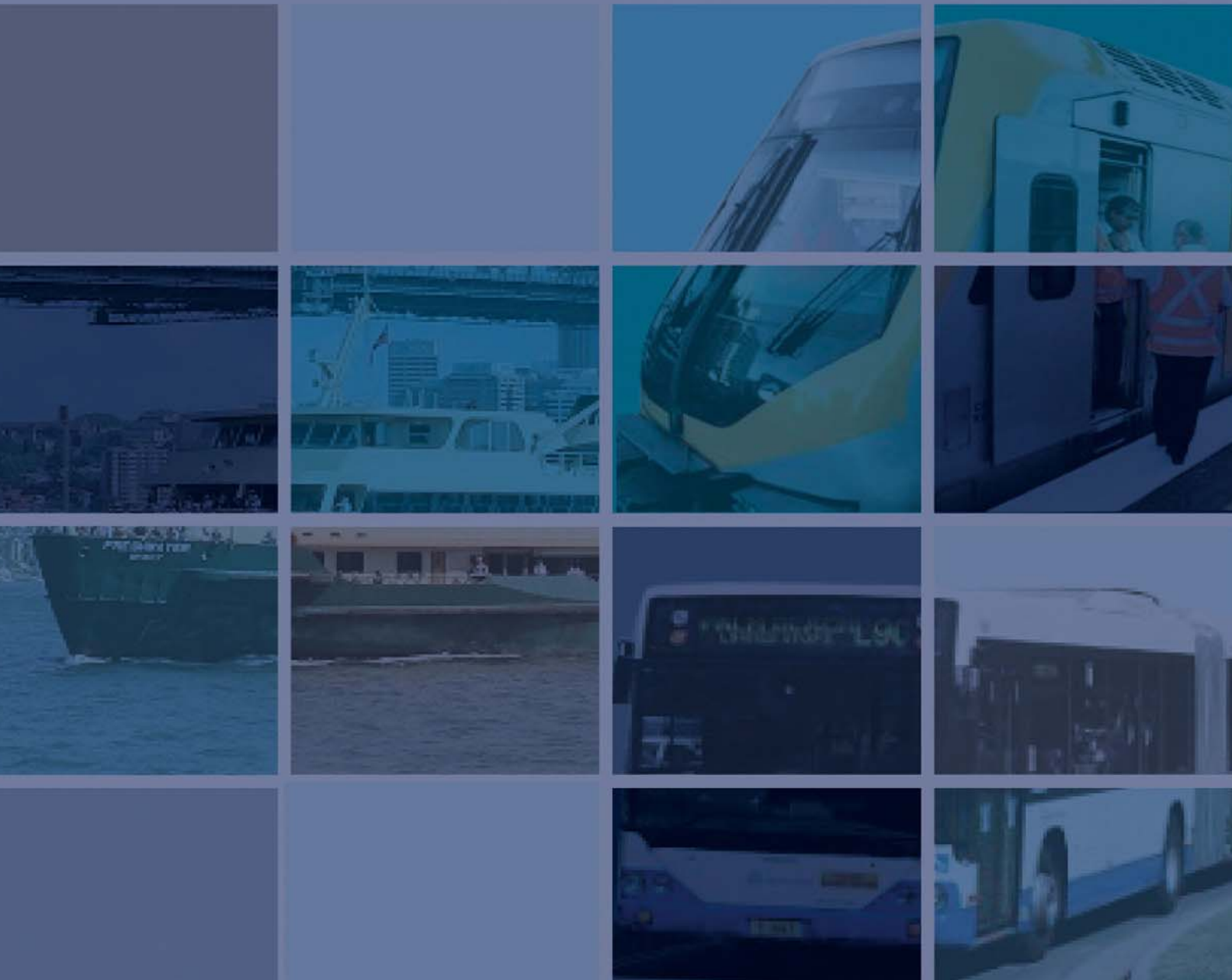




Office of Transport Safety Investigations

ANNUAL REPORT

2007 - 2008



The Hon David Campbell MP
Minister for Transport and
Minister for the Illawarra
Parliament House
Macquarie Street
Sydney NSW 2000

Dear Minister

It is my pleasure to submit to you the 2007 – 2008 Annual report of the Chief Investigator of the Office of Transport Safety Investigations (OTSI) for presentation to Parliament.

The Report highlights the principal undertakings and achievements of the Office as the State's Transport Safety Investigator throughout the reporting period.

The report has been prepared in accordance with the requirements of the *Annual Reports (Statutory Bodies) Act 1984* and the *Annual Report (Statutory Bodies) Regulation 2000* and the *Public Finance and Audit Act 1983*.

Yours sincerely,



Paul O'Sullivan
Chief investigator

TABLE OF CONTENTS

Letter to Minister	1
Chief Investigator's Report	3
Charter	4
Aims and Objectives	5
Organisation	6
Operations	8
2007 – 08 in Review	9
Challenges 2008 – 2009	10
Governance and Management Systems	11
Stakeholder Engagement	11
Industry Participants	11
Industry Regulators	12
Financial summary overview	14
Financial Statements	13
Aged analysis at the end of each quarter	39
Account paid on time within each quarter	39
Freedom of Information	40
Risk Management	40
Privacy Management Plan	40
Principal Legislation	40
Credit Card Certification	40
Response to Significant Issues Raised by the Auditor-General	40
Significant Committees	40
Grants to Non-Government Organisations	40
Legal Changes	41
Departures from Subordinate Legislation	41
Major Works in Progress	41
Human Resources of OTSI 2007 - 08	41
Consultants	44
Land Disposal	44
List of Major Assets	44
Economic or Other Factors	44
Publications	45
Occupational Health and Safety	45
Overseas Travel	45
Waste Management	45
Code of Conduct and Ethics	45
Annual Report External Costs	45
Contact Details	46

Chief Investigator's Report

In its third year of fully independent operations, OTSI has continued to make considerable progress in applying its capabilities as an independent statutory office concerned with serving the safety interests of the travelling public and those of the rail, bus and ferry operators which provide both the passenger and freight services to the public and to industry. In particular, it has:

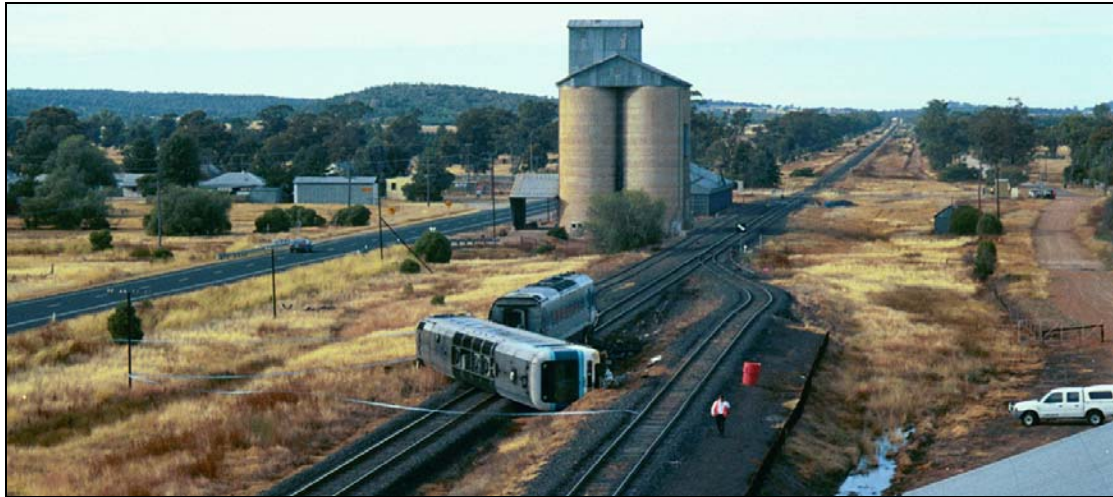
- Continued to refine its Operating Procedures in relation to the conduct of investigations and has participated in field and tabletop exercises to improve its incident response procedures and management.
- Investigated a number of technological enhancements to determine their suitability for employment within OTSI and the extent to which they would improve operational and investigative capability. Some of these technologies have been introduced to OTSI's hardware and software inventory for use at accident and incident investigation sites. Testing of some equipment and systems continues and others remain under review.
- Continued to build effective and open working relationships with transport industries, transport service providers, unions, regulators, the media and the general public. The MOUs and guiding principles it has agreed with the NSW rail, bus and ferry regulators have proved to be effective throughout the reporting period.
- Provided relevant ongoing professional development, education and training opportunities for all staff to ensure currency with contemporary investigation theory and practice, as well as related fields of risk management, safety management systems, occupational health and safety and emergency response.

The Office has received considerable support from many departments, authorities, offices and organisations throughout the year. This support has greatly assisted the Office to perform its various functions. I'm most grateful for that support and assistance. Most importantly, the Office has had the benefit of the cooperation of rail, bus and ferry operators in the course of its investigations. Without that cooperation which is gratefully acknowledged, it would be more difficult for OTSI to achieve its purpose of improving public transport safety. The members of the OTSI team also warrant special mention for their dedication and sustained commitment to the primary purpose of improving public transport safety.

In this third year of independent operations, OTSI has continued to make a direct and significant contribution to the provision of safer public transport services and rail freight services in NSW. Its place as one of the important institutional structures which provides essential public services to the people of NSW is firmly established. I look forward to further developing the capability and capacity of the Office to ensure that it continues to serve the broadest possible safety interests of transport industries, operators and the travelling public in NSW.



Paul O'Sullivan
Chief Investigator



Charter

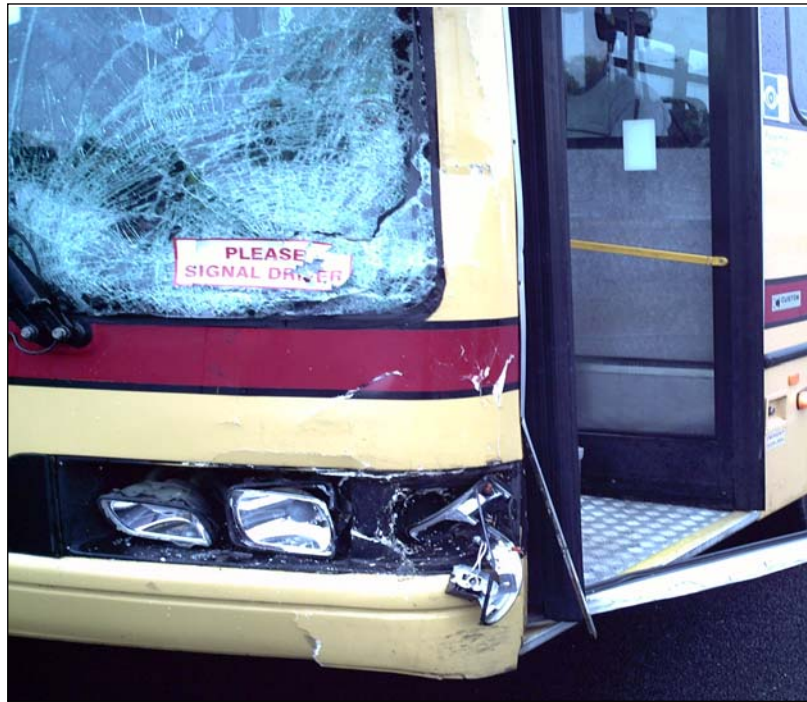
OTSI was originally established on 1 January 2004 as a separate division within the organisation of the Independent Transport Safety and Reliability Regulator (ITSRR). However, with the passage of the *Transport Legislation Amendment (Waterfall Rail Inquiry Recommendations) Bill 2005*, OTSI was separated from ITSRR and the office of the Chief Investigator of the Office of Transport Safety Investigations was established as a statutory agency of the NSW Government and commenced independent operations on 1 July 2005.

Amendments to the *Transport Administration Act 1988* confer powers on the Chief Investigator to establish the Office of Transport Safety Investigations and conduct investigations into rail, bus and ferry accidents and incidents in accordance with the provisions of the *Rail Safety Act 2002*, the *Passenger Transport Act 1990* and the *Marine Safety Act 1998*.

OTSI was established as an independent office to ensure that both the travelling public and transport service providers could have a high degree of confidence that all safety investigations involving the NSW public transport network were conducted in a fair, impartial and rigorous manner, applying the principles of 'just culture' to all investigations initiated as a result of its response to notifiable incidents and accidents.

While the Chief Investigator OTSI reports to the Minister for Transport, the Chief Investigator is not subject to the direction and control of the Minister in the exercise of the Chief Investigator's investigative and reporting functions. However, in a situation where the Chief Investigator may not have already initiated an investigation into a particular rail or passenger transport accident or incident, he is required to do so when given a written direction by the Minister.

In this third year of independent operations, considerable emphasis has been placed on ensuring that OTSI's Results and Services Plan reflects the objectives of the State Plan, particularly as they relate to an Effective Transport System.



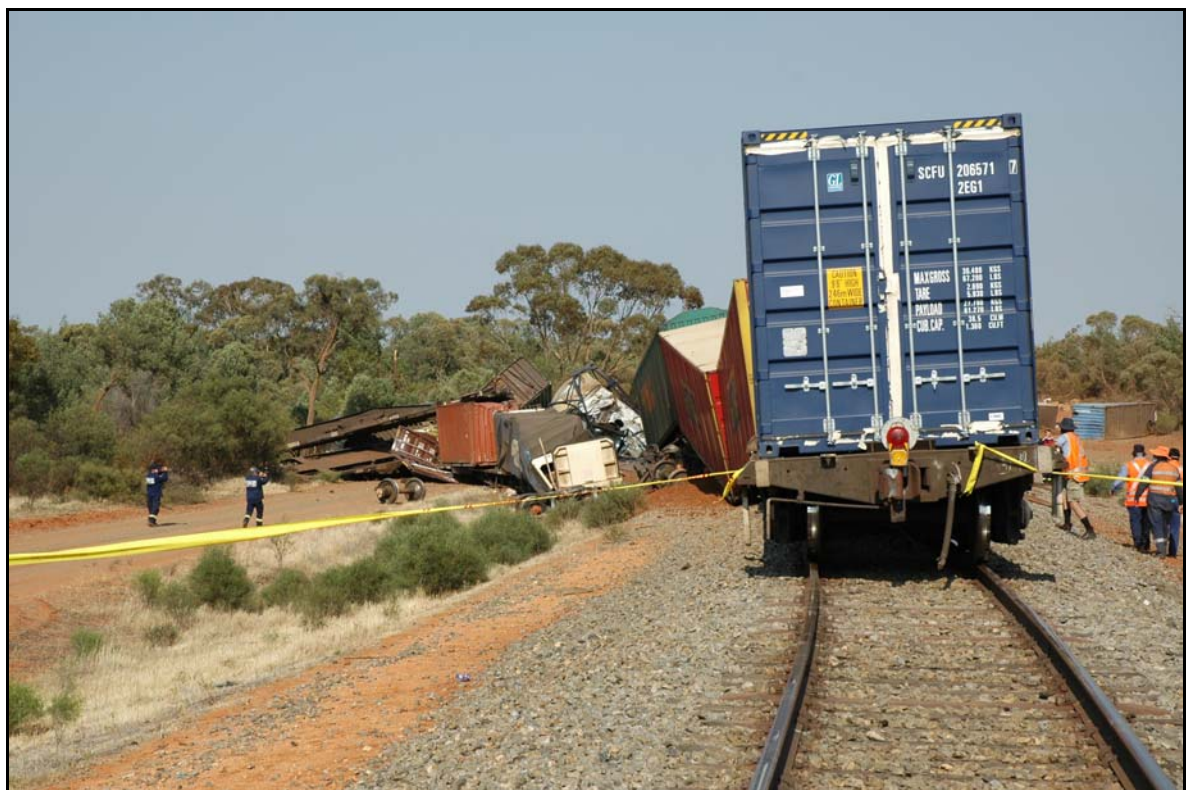
Aims and Objectives

The Office of Transport Safety Investigations contributes to the safe operation of public transport and rail freight services in New South Wales by initiating and directing investigations into accidents and safety-related incidents, whenever and wherever they occur, which are designed to produce the following outcomes:

- ◆ Identification of those factors which have caused and/or contributed to rail freight and rail, bus and ferry passenger transport accidents and incidents.
- ◆ Determination and specification in its Investigation Reports of the most appropriate remedial safety action to prevent recurrence of similar types of accidents and incidents.
- ◆ Production of Transport Safety Investigation Reports which are tabled in Parliament by the Minister for Transport and published on the OTSI website for operator, industry and public utilisation.
- ◆ Provision and management of a Confidential Safety Information Reporting Scheme (CSIRS) for use by transport employees for the reporting of safety issues that require remedial action.
- ◆ Analysis of rail, bus and ferry operations and accident investigations in other jurisdictions in order to identify safety trends and contemporary practice that warrant notification to rail freight and passenger transport service providers in NSW where such notices can contribute to operational safety.

To achieve these outcomes, the Office has established and provides the following services and functions:

- ◆ A 24 hour Duty Officer system to whom rail, bus and ferry operators and regulators report the occurrence of accidents and incidents.
- ◆ A 24 hour investigation response team capable of providing immediate deployment to an accident or incident site.
- ◆ A team of transport safety investigators capable of undertaking investigations into multi-modal accidents and incidents.
- ◆ A dedicated response capability for Confidential Safety Information Reports.
- ◆ The provision of detailed accident and incident reports which are designed to improve transport safety.
- ◆ At present, safety trend analysis is undertaken by individual investigators but requires a dedicated analyst to provide a comprehensive and continuous capability.



Organisation

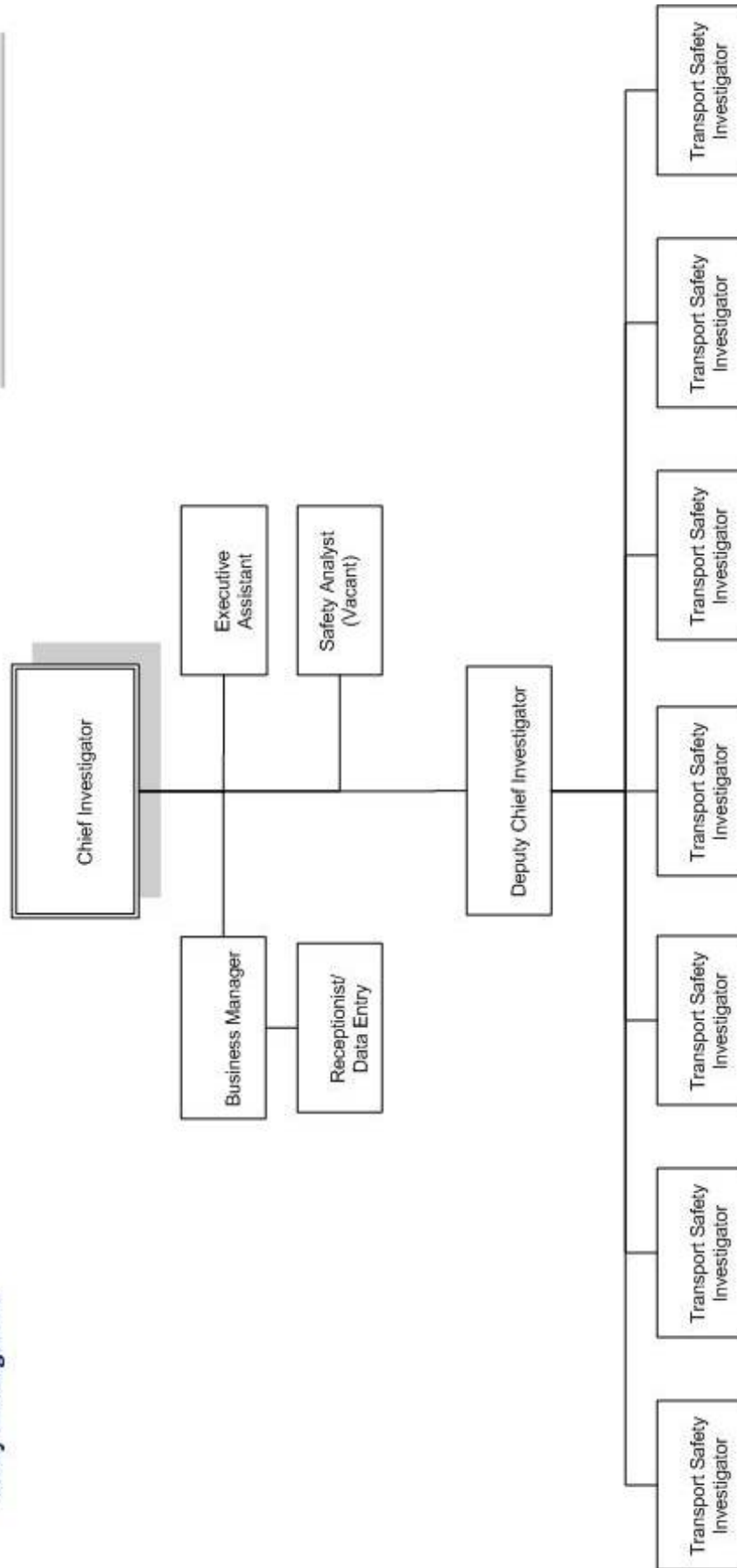
OTSI has a staff of nine investigators which includes the Chief Investigator and the Deputy Chief Investigator, supported by a small administrative team. The organisation of the Office is shown on the next page.



Office of Transport
Safety Investigations

Note

The Chief Investigator is appointed by the Governor on the recommendation of the Minister for Transport and is accountable to that Minister.



Operations

Throughout the reporting year, OTSI has undertaken the following operational activities:

- ◆ Received and assessed rail, bus and ferry accident and incident notifications from accredited operators and regulators in accordance with the *Rail Safety Act 2002* and the *Passenger Transport Act 1990*.
- ◆ Conducted “Just Culture” investigations into Level 1 (those involving fatalities, serious injury and significant damage) rail, bus and ferry accidents and incidents, to determine causation, contributory factors and preventative remedial safety action.
- ◆ Conducted “systemic” investigations into organisational, operational, cultural and other deficiencies that are identified in the course of Level 1 investigations.
- ◆ Reviewed the reports of investigations conducted by transport operators to determine the adequacy of those investigation, their findings and recommendations.
- ◆ Received and facilitated the investigation of reports of safety concerns lodged by transport employees under the Confidential Safety Information Reporting Scheme (CSIRS).
- ◆ Conducted analysis of transport accidents and incidents in Australia and abroad to determine trends in order to provide safety advice to operators in relation to those trends.



2007 – 08 in Review

During the year, OTSI received 418 reports of incidents and accidents which fell within the category of “Notifiable Incidents” as described in the Acts, Regulations and established reporting protocols. As a result of these notifications, 3 incidents were classified as Level 1 and investigations were initiated by OTSI as follows:

- ◆ Before first light on the morning of 16 July 2007, two track workers were working on a set of points at Singleton when they were struck by a train and fatally injured.
- ◆ At Parklea on 12 November 2007, a young cyclist was struck and injured by a bus as she rode across a designated pedestrian crossing.
- ◆ 19 loaded wagons of a Pacific National coal service derailed in the section between Werris Creek and Breeza on 29 January 2008.



In the reporting period, OTSI completed its investigations into the following accidents and incidents and submitted its investigation reports to the Minister for Transport for tabling in Parliament:

- ◆ An opposing movement at North Strathfield on 2 September 2006 which resulted from a signal passed at danger by CityRail Service 67-R

- ◆ A systemic investigation into the importation and registration of overseas-sourced buses in New South Wales. This systemic investigation arose from a previous OTSI investigation into a bus accident at Jamberoo on 5 September 2005 in which three passengers suffered fatal injuries.
- ◆ The collision between Sydney Ferries HarbourCat *Pam Burridge* and the privately owned motor vessel *Merinda* on 28 March 2007 in which four passengers on board the *Merinda* suffered fatal injuries.
- ◆ The death of a track worker who was engaged in ballasting operations near Baan Baa on 26 May 2006.



In discharging its other responsibilities throughout the Reporting Period, OTSI:

- ◆ Received and reviewed 14 Rail Operator investigation reports in accordance with Section 66 of the *Rail Safety Act 2002* to determine the adequacy of the investigations, their findings and safety recommendations.
- ◆ Reviewed and provided comment on 12 NSW Maritime investigation reports into incidents involving public passenger vessels.
- ◆ Reviewed and provided comment on two rail safety investigations conducted by the Australian Transport Safety Bureau (ATSB) into accidents which occurred on the Defined Interstate Rail Network (DIRN) in NSW.
- ◆ Provided technical assistance to the NSW Police investigation into the deaths of six persons following a collision between a fishing trawler and a work boat in the vicinity of Bradley's head on 1 May 2008.
- ◆ Received 39 confidential reports from transport employees through the Confidential Safety Information Reporting Scheme (CSIRS) and finalised 38 of those cases with formal notification of the results of the investigations being provided to the reporters.

Challenges 2008 – 2009

Although much has been achieved in the first three years of independent operation, there are important challenges which OTSI continues to confront, and seeks resolution to, in the year ahead. Some of those challenges include the following:

- ◆ Continue to measure and benchmark OTSI's performance against national and international good practice standards in transport accident investigation methodologies, completion timeframes and report compilation, and ensure that OTSI is at least matching, if not exceeding, those benchmarks.
- ◆ Retain the services of the highly skilled investigators who make up the OTSI team.
- ◆ Invest in OTSI's people and enhance operational capability through programs of continuing professional development, education and training.
- ◆ Obtain financial supplementation to enable the recruitment of a suitably qualified and experienced analyst to fill the currently vacant Transport Safety Analyst position, thereby enhancing OTSI's capability to engage in transport safety investigation analysis.
- ◆ Incorporate into standard investigating procedure, utilisation of the technology enhancements which have been acquired to facilitate the transmission of high resolution, real time still and video images from incident sites to the OTSI operations centre.

Governance and Management Systems

The Governance and Management Systems applied in OTSI are appropriate to its size and are not overly complex with the Chief Investigator exercising all the powers and functions of a Chief Executive Officer. Given the resources available, the Chief Investigator has more direct span of control over the application of all the resources of OTSI than may be applicable to a larger, more diversified organisation.

Management of OTSI Records

Work commenced in latter part of 2007 on the development of a Functional Retention and Disposal Authority for the Office of Transport Safety Investigations' records following the issue of the premier's memorandum M2007-8 Efficient and Cost Effective Management of records. In close co-operation with staff from State Records, who provided invaluable advice and assistance to OTSI, a draft Functional Retention and Disposal Authority was prepared and submitted for the approval of NSW State Records Board. Formal approval of the Authority is expected at the August 2008 Board meeting.

Stakeholder Engagement

Industry Participants

In conducting its investigations, OTSI adopts a process in which it initially seeks to establish the facts associated with an incident, and having

determined that the incident warrants OTSI investigation as a Level 1 (or sometimes Level 2) incident, it notifies all Directly Involved Parties (DIP) of its intention to investigate and then publishes an Interim Factual Statement, describing what happened, and setting out the Terms of Reference for its investigation.

During the course of the investigation, OTSI works with the nominated representatives of the DIPs to acquire all information that will assist the conduct of the investigation. At the stage where a draft report has been prepared, it is circulated to all DIPs for comment. The purpose of this step in the process is to provide DIPs with the opportunity to contribute to the compilation of the Final Report by verifying the factual information, scrutinising the analysis, findings and recommendations, and providing any commentary that would enhance the structure, substance, integrity and resilience of the Investigation Report. The Chief Investigator retains the prerogative as to which matters contained in the responses provided by the DIPs are incorporated in OTSI's Final Report, and where he rejects any suggested amendment, he provides an explanation for doing so to the particular DIP.

The Final Report is then compiled and submitted to the Minister for tabling.

Industry Regulators

OTSI maintains a close working relationship with all the Regulators involved in Public Transport services in NSW. OTSI has entered into Memoranda of Understanding (MOU) with the Independent Transport Safety and Reliability Regulator (ITSRR) as the Rail regulator and with the NSW Maritime Authority as the Ferry regulator. It has also established a set of Guiding Principles with the Ministry of Transport as the Bus regulator. The Chief Investigator has regular contact with the Regulatory Heads and there is frequent contact at officer level.

OTSI in the Global Transport Safety Environment

As with a great number of organisations today, OTSI makes extensive use of the internet to make available to all interested persons the results of its investigations as soon as they are tabled in Parliament by the Minister for Transport.

OTSI's operations represents a cost effective investment in ensuring the safe operation of the NSW Public Transport and Rail freight industry. While its jurisdiction is within NSW, the impact of the work OTSI performs is obvious well beyond NSW borders. The following graph demonstrates the International interest in OTSI's activities in transport safety. Through its operations, OTSI has not only contributed to the delivery of safe and reliable public transport in NSW, it is making a significant contribution towards the understanding of transport accident causation and prevention around the world, as well as raising the profile of NSW as a State committed to public transport safety.

The OTSI website provides a valuable resource for professionals reporting on transport safety investigations; for similar investigatory organisations in other parts of Australia and overseas; for transport enthusiasts and for those involved in safety incidents or the reporting of incidents who need access to published investigation outcomes.

MONTHS (JUL 07-JUN 08)	NUMBER OF VISITS
JUN 08	2183
MAY 08	2407
APR 08	2337
MAR 08	2477
FEB 08	1866
JAN 08	2057
DEC 07	1765
NOV 07	1944
OCT 07	2147
SEP 07	2096
AUG 07	2299
JUL 07	2584

Financial summary overview

In 2007-08, OTSI received consolidated fund allocations of \$2.098M. OTSI had minor revenue associated with the reimbursement of phone costs.

OTSI's net cost of service (represented by total expenses less revenue) was \$2.257M.

A detailed account of OTSI's financial performance is contained in the audited financial statements which follow.



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Chief Investigator of the Office of Transport Safety Investigations

To Members of the New South Wales Parliament

I have audited the accompanying financial report of the Chief Investigator of the Office of Transport Safety Investigations (the Office), which comprises the balance sheet as at 30 June 2008, the operating statement, statement of recognised income and expense, cash flow statement, program statement - expenses and revenues and a summary of compliance with financial directives for the year then ended, a summary of significant accounting policies and other explanatory notes.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Office as of 30 June 2008, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

My opinion should be read in conjunction with the rest of this report.

The Chief Investigator's Responsibility for the Financial Report

The Chief Investigator is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Investigator, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

My opinion does *not* provide assurance:

- about the future viability of the Office,
- that its activities have been carried out effectively, efficiently and economically, or
- about the effectiveness of internal controls.

Independence

In conducting this audit, the Audit Office of New South Wales has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.



Peter Carr
Director, Financial Audit Services

15 October 2008
SYDNEY

CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

STATEMENT BY THE CHIEF INVESTIGATOR

For the year ended 30 June 2008

Pursuant to section 45F of the *Public Finance and Audit Act 1983*, I state that

- (a) The accompanying financial statements have been prepared in accordance with
- Applicable Australian Accounting Standards (which include Australian Equivalents to International Financial Reporting Standards (AEIFRS))
 - The requirements of the *Public Finance and Audit Act and Regulations*; and
 - The Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer under section 9(2) (n) of the Act.
- (b) The statements exhibit a true and fair view of the financial position and transactions of the Chief Investigator; and
- (c) There are no circumstances, which would render any particulars included in the financial statements to be misleading or inaccurate.



Chief Investigator

Date: 19 October 2008

CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

Operating Statement for the year ended 30 June 2008

	Notes	Actual 2008 \$'000	Budget 2008 \$'000	Actual 2007 \$'000
Expenses				
Operating expenses				
Employee related	2(a)	1,548	1,513	1,529
Other operating expenses	2(b)	571	724	651
Depreciation and amortisation	2(c)	153	147	147
Total Expenses		2,272	2,384	2,327
Less:				
Revenue				
Sale of services	3(a)	1	1	3
Investment revenue	3(b)	14	12	12
Total Revenue		15	13	15
Net Cost Of Services	17	2,257	2,371	2,312
Government Contributions				
Recurrent appropriation	4	2,018	2,086	2,098
Acceptance by the Crown of employee benefits and other liabilities	5	80	111	66
Total Government Contributions		2,098	2,197	2,164
(DEFICIT)/SURPLUS FOR THE YEAR	13	(159)	(174)	(148)

The accompanying notes form part of these statements.

CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

Statement of Recognised Income and Expense for the year ended 30 June 2008

	Notes	Actual 2008 \$'000	Budget 2008 \$'000	Actual 2007 \$'000
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY		-	-	-
(Deficit)/Surplus for the Year	13	(159)	(174)	(148)
TOTAL INCOME AND EXPENSES RECOGNISED FOR THE YEAR	13	(159)	(174)	(148)

The accompanying notes form part of these statements.

CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

Balance Sheet as at 30 June 2008

	Notes	Actual 2008 \$'000	Budget 2008 \$'000	Actual 2007 \$'000
ASSETS				
Current Assets				
Cash and cash equivalents	7	218	221	244
Receivables	8	33	20	24
Total Current Assets		251	241	268
Non-Current Assets				
Property, plant and equipment				
Leasehold improvements	9	374	373	498
Plant and equipment	9	69	72	92
Total property, plant and equipment		443	445	590
Intangible assets	10	24	28	30
Total Non-Current Assets		467	473	620
Total Assets		718	714	888
LIABILITIES				
Current Liabilities				
Payables	11	70	73	73
Provisions	12	178	186	186
Total Current Liabilities		248	259	259
Total Liabilities		248	259	259
Net Assets		470	455	629
EQUITY				
Accumulated funds	13	470	455	629
Total Equity		470	455	629

The accompanying notes form part of these statements.

CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

Cash Flow Statement for the year ended 30 June 2008

	Notes	Actual 2008 \$'000	Budget 2008 \$'000	Actual 2007 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Employee related		(1,471)	(1,583)	(1,441)
Other operating expenses		(644)	(634)	(729)
Total Payments		(2,115)	(2,217)	(2,170)
Receipts				
Miscellaneous revenue		57	51	86
Interest received		14	16	9
Total Receipts		71	67	95
Cash Flows from Government				
Recurrent appropriation		2,018	2,086	2,098
Net Cash Flows from Government		2,018	2,086	2,098
NET CASH INFLOWS FROM OPERATING ACTIVITIES	17	(26)	(64)	23
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment		-	-	(49)
Purchase of intangible assets		-	-	(32)
NET CASH FLOWS FROM INVESTING ACTIVITIES		-	-	(81)
NET(DECREASE)/ INCREASE IN CASH		(26)	(64)	(58)
Opening cash and cash equivalents		244	285	302
CLOSING CASH AND CASH EQUIVALENTS	7	218	221	244

The accompanying notes form part of these statements.

CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

Program Statement - Expenses and Revenue

For the year ended 30 June 2008

AGENCY'S EXPENSES AND REVENUES	Program 12.1.1 Transport Safety Investigations		Not Attributable		Total	
	2008	2007	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES						
Operating expenses						
Employee related	1,548	1,529	-	-	1,548	1,529
Other Operating expenses	571	651	-	-	571	651
Depreciation and amortisation	153	147	-	-	153	147
Total Expenses	2,272	2,327	-	-	2,272	2,327
REVENUE						
Sale of services	1	3	-	-	1	3
Investment revenue	14	12	-	-	14	12
Total Revenue	15	15	-	-	15	15
Net Cost of Services	2,257	2,312	-	-	2,257	2,312
Government Contributions	-	-	2,098	2,164	2,098	2,164
Net (Expense)/Revenue	(2,257)	(2,312)	2,098	2,164	(159)	(148)

CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

Statement of Compliance with Financial Directives For the year ended 30 June 2008

	2008				2007			
	Recurrent Appropriation	Expenditure - Net claim on Cons Fund	Capital Appropriation	Expenditure - Net claim on Cons Fund	Recurrent Appropriation	Expenditure - Net claim on Cons Fund	Capital Appropriation	Expenditure -Net claim on Cons Fund
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Original budget Appropriation/Expenditure								
Appropriations Act	2,086	2,018	-	-	2,134	2,098	-	-
Additional appropriations S 21 PF& AA - special appropriations	-	-	-	-	-	-	-	-
S 24 PF& AA - transfer of functions between agencies	-	-	-	-	-	-	-	-
	2,086	2,018			2,134	2,098	-	-
Other appropriations/expenditure								
Treasurer's advance	-	-		-	-	-	-	-
Enforced transfer - recurrent to capital	-	-		-	-	-	-	-
Transfer to/from another agency (S24 of the Appropriation Act)	-	-		-	-	-	-	-
	-	-	-	-	-	-	-	-
Total Appropriation/Expenditure								
Net Claim on Consolidated Fund	2,086	2,018	-	-	2,134	2,098	-	-
Drawdown from Treasury		2,018		-		2,098		-
Liability to Consolidated Fund		-		-		-		-

The Summary of Compliance is based on the assumption that Consolidated Fund moneys are spent first (except where otherwise identified or prescribed). Liability to Consolidated Fund represents the difference between the "Amount Drawn Down against Appropriation" and the "Total Expenditure/Net Claim on Consolidated Fund".

CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

Notes to and Forming Part of the Financial Statements For the year ended 30 June 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) **Reporting Entity**

The Chief Investigator of the Office of Transport Safety Investigations was established on 1 July 2005 as a statutory authority under the *Transport Administration Act 1988* as amended. The principal objective of this agency is to conduct investigations into rail and passenger transport accidents or incidents under the *Rail Safety Act 2002* and the *Passenger Transport Act 1990*.

The agency is a not-for-profit entity, as profit is not its principal objective and it has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

These financial statements have been authorised for issue by the Chief Investigator on 19 October 2008.

(b) **Basis of Preparation**

The agency's financial statements are a general purpose financial report, which has been prepared in accordance with:

- applicable Australian Accounting Standards which include Australian Accounting Interpretations;
- the requirements of the *Public Finance and Audit Act 1983* and Regulations; and
- the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer under Section 9(2)(n) of the Act.

Property, plant and equipment, investment property, assets (or disposal groups) held for sale and financial assets at "fair value through profit or loss" and available for sale are measured at fair value. Other financial reports items are prepared in accordance with the historical cost convention.

Judgements, key assumptions and estimations which management has made, are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

(c) **Statement of Compliance**

The financial statements and notes comply with Australian Accounting Standards, which include which include Australian Accounting Interpretations.

(d) **Income Recognition**

Income is measured at the fair value of the consideration or the contribution received or receivable. Additional comments regarding the accounting policies for the recognition of income are discussed below:

Notes to and Forming Part of the Financial Statements
For the year ended 30 June 2008

(i) Parliamentary Appropriations and Contributions from Other Bodies:

Parliamentary appropriations and contributions from other bodies (including grants and donations) are generally recognised as income when the agency obtains control over the assets comprising the appropriations and contributions. Control over appropriations and contributions is normally obtained upon the receipt of cash.

An exception to the above is when appropriations are unspent at year-end. In this case the authority to spend the money lapses and generally the unspent amount must be repaid to the Consolidated Fund in the following financial year. As a result, unspent appropriations are accounted for as liabilities rather than revenue.

(ii) Rendering of Services:

Revenue is recognised when the service is provided.

(iii) Investment Revenue:

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

(e) Employee Benefits and other provisions

(i) Salaries and Wages, Annual Leave, Sick Leave and On-Costs:

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that fall due wholly within 12 months of the reporting date are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Long-term annual leave that is not expected to be taken within 12 months, is measured at present value in accordance with AASB 119 *Employee Benefits*. Market yields on government bonds are used to discount long-term annual leave. Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

(ii) Long Service Leave and Superannuation:

The agency's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The agency accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as "Acceptance by the Crown Entity of Employee benefits and other Liabilities".

CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

Notes to and Forming Part of the Financial Statements For the year ended 30 June 2008

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors (specified in NSWTC 07/04) to employees with 5 or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

(iii) Other Provisions

Other provisions exist when: the agency has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Any provisions for restructuring are recognised only when the agency has a detailed formal plan and the agency has raised a valid expectation in those affected by the restructuring that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected.

If the effect of the time value of money is material, provisions are discounted at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

(f) **Insurance**

The agency's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government agencies. The expense (premium) is determined by the Fund Manager based on past experience.

(g) **Accounting for Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where:

- the amount of GST incurred by the agency as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the cash flow statement on a gross basis. However, the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

Notes to and Forming Part of the Financial Statements
For the year ended 30 June 2008

(h) Acquisitions of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the agency. Cost is the amount of cash or cash equivalent paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Australian Accounting Standards.

Assets acquired at no cost or for nominal consideration are initially recognised at their fair value at the date of acquisition.

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. Where payment for an item is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted at an asset-specific rate.

As a not-for-profit entity with no cash generating units, the agency is effectively exempted from AASB 136 *Impairment of Assets* and impairment testing. This is because AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

(i) Intangible Assets

The agency recognises intangible assets only if it is probable that future economic benefits will flow to the agency and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite. Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the agency's intangible assets, the assets are carried at cost less any accumulated amortisation.

(j) Depreciation and Amortisation

Depreciation and amortisation are provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the agency. The depreciation rates used are leasehold improvements (20%), office furniture and equipment (20%), computer equipment (20%) and intangible assets (20%).

Notes to and Forming Part of the Financial Statements
For the year ended 30 June 2008

(k) Maintenance

The costs of day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

(l) Leased Assets

Operating lease payments are charged to the Operating Statement in the periods in which they are incurred. The agency does not have any finance leases.

(m) Financial Instruments

The agency's financial instruments comprise receivables and payable.

(i) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement continues to be based on the fair value (equivalent to the amortised cost) because the financial impact of using the interest rate method is considered to be immaterial.

(ii) Impairment of financial assets

The receivables are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the agency will not be able to collect all amounts due. The amount of the allowance is the difference between the receivables carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate (where material). The amount of the impairment loss is recognised in the operating statement. Any reversals of impairment losses are reversed through the operating statement if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

(iii) Payables

These amounts represent liabilities for goods and services provided to the agency and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement continues to be based on the fair value as this is not materially different from the amortised cost.

(iv) De-recognition of financial assets and liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the agency transfers the financial asset:

- where substantially all the risks and rewards have been transferred; or
- where the agency has not transferred substantially all the risks and rewards, if the entity has not retained control.

CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

Notes to and Forming Part of the Financial Statements For the year ended 30 June 2008

Where the agency has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the agency's continuing involvement in the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

(n) Other Assets

Other assets are recognised on a cost basis.

(o) Equity Transfers

The transfer of net assets at fair value from the Independent Transport Safety and Reliability Regulator to the agency as a result of the administrative restructure, including transfer of one program/function is designated as a contribution by owners and recognized as an adjustment to "Accumulated Funds". This treatment is consistent with AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

(p) Budgeted Amounts

The budgeted amounts are drawn from the budgets as formulated at the beginning of the financial year and with any adjustments for the effects of additional appropriations, s21A, s24 and / or s26 of the *Public Finance and Audit Act 1983*.

The budgeted amounts in the Operating Statement and the Cash Flow Statement are generally based on the amounts disclosed in the NSW Budget Papers (as adjusted above). However, in the Balance Sheet, the amounts vary from the Budget Papers, as the opening balances of the budgeted amounts are based on carried forward actual amounts i.e. per the audited financial statements (rather than carried forward estimates).

(q) New Australian Accounting Standards Issued But Not Yet Effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2008 reporting periods. The following new Accounting Standards and Interpretations have not yet been adopted and are not yet effective:

- AASB 8 Operating Segments (1 January 2009) & 2007-3 Amendments to Australian Accounting Standards from AASB 8 (1 January 2009)
- AASB 123 Borrowing Costs (1 January 2009) & 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 (1 January 2009)
- AASB 1049 Financial Reporting of General Government Sectors by Governments (1 July 2008)

It is considered that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the agency.

CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

Notes to and Forming Part of the Financial Statements For the year ended 30 June 2008

	2008 \$'000	2007 \$'000
2. EXPENSES		
(a) Employee related expenses <i>comprise the following specific items:</i>		
Salaries (including recreation leave)	1,268	1,293
Superannuation – defined benefits plan	31	27
Superannuation – defined contribution plan	100	86
Long service leave	47	32
Workers' compensation insurance	8	7
Payroll Tax and Fringe Benefit Tax	94	84
	1,548	1,529
(b) Other operating expenses		
Accommodation		
Operating lease rental expense – minimum lease payments	243	271
Other property costs	17	22
External services		
Contractors	118	138
Legal services	-	3
Audit fees – financial statements	11	11
Motor vehicle running expenses		
Operating minimum lease rentals	17	19
Other motor vehicle expenses	50	38
Staff recruitment and training costs	42	56
Administration		
Printing and stationery	7	12
Telephones	29	24
Travel	13	36
Others	24	21
	571	651
The agency's maintenance expenses are immaterial and do not include related employee expenses.		
(c) Depreciation and amortisation		
Plant and equipment	23	21
Leasehold Improvements	124	124
Intangible assets	6	2
	153	147

CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

Notes to and Forming Part of the Financial Statements For the year ended 30 June 2008

	2008 \$'000	2007 \$'000
3. REVENUES		
(a) Sale of services		
Rendering of services	1	3
	1	3
(b) Investment revenue		
Interest on bank balance	14	12
	14	12
4. APPROPRIATIONS		
Recurrent appropriations		
Total recurrent drawdowns from Treasury (per Summary of Compliance)	2,018	2,098
Less: Liability to Consolidated Fund (per Summary of Compliance)	-	-
Recurrent appropriations (per Operating Statement)	2,018	2,098
5. ACCEPTANCE BY THE CROWN ENTITY OF EMPLOYEE BENEFITS AND OTHER LIABILITIES		
The following liabilities and/or expenses have been assumed by the Crown Entity		
Superannuation	31	27
Long service leave	47	32
Payroll tax on superannuation (Note 18)	2	7
	80	66

CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

Notes to and Forming Part of the Financial Statements For the year ended 30 June 2008

6. PROGRAM INFORMATION

The agency has one program namely:

Program 12.1.1 – Transport Safety Investigations

Program Objective: To conduct independent and rigorous investigations into accidents and incidents involving transport services.

Program Description: Conduct investigations into rail, bus and ferry accidents and incidents and initiate investigations of systematic safety failures. Manage the Confidential Safety Information and Reporting Scheme. Notify industry of safety issues. Monitor national and overseas transport safety investigations.

	2008 \$'000	2007 \$'000
7. CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	218	244
	218	244

For the purposes of the Cash Flow Statement, cash and cash equivalents include cash at bank and cash on hand. Cash and cash equivalent assets recognised in the Balance Sheet are reconciled at the end of the financial year to the Cash Flow Statement as follows:

Cash and cash equivalents (per Balance Sheet)	218	244
Closing cash and cash equivalents (per Cash Flow Statement)	218	244

8. RECEIVABLES

Debtors		
Goods and Services Tax – recoverable	19	18
Investment revenue receivable	7	6
Prepayments	7	-
	33	24

At balance date there was no need for an allowance for impairment of debtors.

CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

Notes to and Forming Part of the Financial Statements For the year ended 30 June 2008

	2008 \$'000	2007 \$'000
9. PROPERTY, PLANT & EQUIPMENT		
Leasehold Improvements	622	622
Accumulated depreciation	248	124
Carrying amount at fair value	374	498
Plant and equipment	113	114
Accumulated depreciation	44	22
Carrying amount at fair value	69	92
Total property, plant and equipment	735	736
Accumulated depreciation	292	146
Carrying amount at fair value	443	590

Reconciliation of the carrying amounts by asset class at the beginning and end of the current reporting period is set out below:

	Leasehold Improvements \$'000	Plant & Equipment \$'000	Total \$'000
Carrying amount 1 July 2007	498	92	590
Depreciation expense	124	23	147
Carrying amount 30 June 2008	374	69	443
Carrying amount 1 July 2006	540	80	620
Administrative restructure transfer	83	-	83
Additions	-	32	32
Depreciation expense	125	20	145
Carrying amount 30 June 2007	498	92	590

	2008 \$'000	2007 \$'000
10. INTANGIBLE ASSETS		
Computer systems		
At amortised cost	32	32
Accumulated amortisation	8	2
Carrying amount at fair value	24	30

Reconciliation of the carrying amounts by asset class at the beginning and end of the current reporting period is set out below:

Balance at the beginning	30	-
Additions	-	32
Amortisation expense	6	2
Carrying amount at fair value	24	30

CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

Notes to and Forming Part of the Financial Statements For the year ended 30 June 2008

	2008 \$'000	2007 \$'000
11. PAYABLES		
Creditors	8	-
Accruals		
Salaries and on-costs	9	5
Others	53	68
	70	73
12. PROVISIONS		
Current Liabilities		
Recreation leave	162	162
Employee oncosts	16	24
	178	186
Aggregate employee benefits and related On-costs		
Recreation leave	162	162
Employee oncosts & accrued salaries	25	29
	187	191
13. CHANGES IN EQUITY		
Balance at the beginning of the financial period	629	694
Changes in equity – transactions with owners as owners	-	83
(Deficit)/Surplus for the year	(159)	(148)
Balance at the end of the financial period	470	629
14. COMMITMENTS FOR EXPENDITURE		
(a) Capital Commitments		
The agency did not have any capital commitments as at balance date.		
(b) Other Expenditure Commitments		
Aggregate other expenditure contracted for at balance date and not provided for:	435	97
Not later than one year	87	85
Later than one year but not later than five years	348	12
Later than five years	-	-
Total (including GST)	435	97

CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

Notes to and Forming Part of the Financial Statements For the year ended 30 June 2008

	2008 \$'000	2007 \$'000
(c) Operating Lease Commitments		
Future non-cancellable operating lease		
Rentals not provided for and payable:		
Not later than one year	1,685	1,878
Later than one year but not later than five years	346	325
Later than five years	1,339	1,553
	-	-
Total (including GST)	1,685	1,878

The agency leases its motor vehicles and office accommodation. Input tax on all commitments estimated at \$193K (2007 - \$179K) will be recouped from the Australian Taxation Office.

15. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The agency had no contingent liabilities and assets as at balance date.

16. BUDGET REVIEW

Net Cost of Services

The net cost of services for the year ended 30 June 2008 was \$2.257m compared to the budget of \$2.371m principally due to savings on protected legal fees allocation.

- **Employee related expenses** at \$1.548m were marginally higher than the budget of \$1.513M. The additional staff costs were funded out of savings in other operating expenses.
- **Other operating expenses** amounted to \$571k compared to the budget of \$724k, an under-expenditure of \$153k principally due to legal fees savings. Funding for legal services is protected and is draw-down as required.

Assets and Liabilities

The balance sheet comprises the following principal assets and liabilities:

- **Cash** of \$218k was in line with the budget.
- **Receivables** comprise mainly GST and interest receivable at balance date. Receivables are slightly higher due to the payment of 2008-09 insurance premiums in 2007-08.
- **Property, plant and equipment:** The agency did not acquire new assets in 2007-08.
- At \$248K **payables and provisions** were generally in line with the budget.

CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

Notes to and Forming Part of the Financial Statements For the year ended 30 June 2008

17. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET COST OF SERVICES AS REPORTED IN THE OPERATING STATEMENT

	2008 \$'000	2007 \$'000
Net Cash inflows from operating activities	(26)	23
Cash flows from Government/Appropriations	(2,018)	(2,098)
Acceptance by the Crown Entity of Employee Entitlements	(80)	(66)
Depreciation	(153)	(147)
Increase/(Decrease) in receivables	9	(22)
Decrease/(Increase) in creditors & accruals	3	21
Decrease/(Increase) in provisions	8	(23)
Net Cost of Services	(2,257)	(2,312)

18. NON-CASH FINANCING AND INVESTING ACTIVITIES

During the period, the agency undertook the following non-cash financing and investing activities:

Employees' entitlements and liabilities		
Assumed by the Crown Entity (Note 5)	80	66
	80	66

19. FINANCIAL INSTRUMENTS

The agency's principal financial instruments are outlined below. These financial instruments arise directly from the agency's operations or are required to finance the agency's operations. The agency does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The agency's main risks arising from financial instruments are outlined below, together with the agency's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout this financial report.

The Chief Investigator has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the agency, to set risk limits and controls and to monitor risks.

CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

Notes to and Forming Part of the Financial Statements For the year ended 30 June 2008

(a) Financial Instruments categories

	Note	Category	Carrying amount 2008 \$'000	Carrying amount 2007 \$'000
Financial Assets Class				
Cash and cash equivalents	7	N/A	218	244
Receivables	8	Loans and receivables (at amortised cost)	7	6
Financial Liabilities Class				
Payables	11	Financial liabilities (at amortised cost)	70	73

(b) Credit Risk

Credit risk arises when there is the possibility of the agency's debtors defaulting on their contractual obligations, resulting in a financial loss to the agency. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the agency, including cash and receivables. No collateral is held by the agency. The agency has not granted any financial guarantees.

Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate, adjusted for a management fee to NSW Treasury.

Receivables – trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts, which are known to be uncollectable, are written off. An allowance for impairment is raised when there is objective evidence that the agency will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. Sales are made generally on 30 day terms.

The agency is not materially exposed to credit risk as its debtors are minimal. At balance date the agency had no debtors which were impaired.

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2008

(c) Liquidity Risk

Liquidity risk is the risk that the agency will be unable to meet its payment obligations when they fall due. As a budget dependent agency the agency's primary source of cash inflows is the consolidated fund allocation to meet its ongoing operating commitments including commitments to other transport agencies as set out in the budget papers approved by the NSW Parliament. The agency is prohibited by Treasury policies and practices from making payments in excess of the approved allocation. As such the agency's exposure to liquidity risk is deemed insignificant based on current Treasury policies and practices.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment.

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The agency is not exposed to this class of risk because as reported above its main source of cash inflows is the Consolidated Fund allocations. The agency does not hold financial instruments for trading purposes and as such is not exposed to market or price risks.

(e) Interest Rate Risk

Interest rate risk is the risk that the value of the financial instruments will fluctuate due to changes in market interest rates. The agency's exposure to interest rate risk is immaterial.

Financial Instruments

	Floating Interest rate		Non Interest Bearing		Total carrying amount as per Balance Sheet		Weighted average effective interest rate	
	2008	2007	2008	2007	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%	%
Financial Assets								
Cash	218	244			218	244	5.60	4.69
Receivables		-	7	6	7	6		-
Total	218	244	7	6	225	250		
Financial Liabilities								
Payable	-	-	70	73	70	73	-	-
	-	-	70	73	70	73		

End of Audited Financial Statements

PAYMENT OF ACCOUNTS

Table 1: *Aged analysis at the end of each quarter*

	<i>Current (Within due date)</i>	<i>Less than 30 days</i>	<i>Between 30 days and 60 days overdue</i>	<i>Between 60 days and 90 days overdue</i>	<i>More than 90 days</i>
<i>Quarter</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
<i>September</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>December</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>March</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>June</i>	<i>8</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>

TIME FOR PAYMENT OF ACCOUNTS

Table 2: *Time for payments of accounts*

(Amounts paid on time within each quarter)

			<i>Total Accounts paid on time</i>	<i>Total payments</i>
	<i>Target %</i>	<i>Actual %</i>	<i>\$'000</i>	<i>\$'000</i>
<i>September Quarter</i>	<i>100</i>	<i>99.22%</i>	<i>509</i>	<i>513</i>
<i>December Quarter</i>	<i>100</i>	<i>99.30%</i>	<i>569</i>	<i>573</i>
<i>March Quarter</i>	<i>100</i>	<i>98.29%</i>	<i>460</i>	<i>468</i>
<i>June Quarter</i>	<i>100</i>	<i>98.57%</i>	<i>553</i>	<i>561</i>
				<i>2115</i>

Freedom of Information

There was one application to OTSI for information under the FOI legislation in 2007/2008. The application was granted and all documents held by OTSI were released. In addition a third party request for the release of OTSI information was received and access granted.

Risk Management

OTSI is part of the Treasury Managed Fund insurance scheme and as such is insured against all risk associated with its activities. No claims were lodged in relation to Workers Compensation or any of the other insurance policies held through the TMF by OTSI in 2007/2008. In addition, OTSI has engaged the NSW Ministry of Transport to provide all its Information Technology services and therefore participates in the Ministry's disaster recovery processes.

Privacy Management Plan

As yet, OTSI's Privacy Management Plan has not been completed. OTSI has applied to the Privacy Commissioner for some exemptions under the PPIP Act and the HRIP Act.

Principal Legislation

OTSI exercises functions under the:

- ◆ *Transport Administration Act 1988;*
- ◆ *Passenger Transport Act 1990;*
- ◆ *Rail Safety Act 2002, and*
- ◆ Regulations made under those Acts.

Credit Card Certification

The Chief Investigator has certified that the use of credit cards was in accordance with Premier's Memorandum and Treasurer's Directions.

Response to Significant Issues Raised by the Auditor-General

No issues for OTSI were raised by the Auditor General during 2007-2008.

Significant Committees

OTSI does not participate in any committee activities relative to its role.

Grants to Non-Government Organisations

There were no grants to non-government organisations.

Legal Changes

There were no legal changes to the relevant legislation or regulations applicable to OTSI.

Departures from Subordinate Legislation

There were no departures from the Subordinate Legislation Act.

Major Works in Progress

There were no major works undertaken by OTSI in the 2007 – 08 year.

Human Resources of OTSI 2007 - 08

OTSI is an agency with a total staffing of 12 as at the 30 June 2008. Given the background from which staff has been drawn to meet the needs of the office, it is of little surprise that the balance of the various groups represented by the following statistics is not in keeping with the numbers achieved by other agencies. OTSI is staffed by officers with a background in the various transport modes and qualifications in transport safety. The available talent bank does not have the breadth of officers from the various identified groups.

2007/2008 Staffing:

Population: Headcount: Non-casual Employees at June by Remuneration Level of Substantive Position

Table 1.1 Staff Numbers by Level

		Number						
LEVEL	TOTAL STAFF	Men	Women	Aboriginal People & Torres Strait Islanders	People from Racial, Ethnic, Ethno-Religious Minority Groups	People Whose Language First Spoken as a Child was not English	People with a Disability	People with a Disability Requiring Work-related Adjustment
< \$35,266		0	0	0	0	0	0	0
\$35,266 - \$46,319		0	0	0	0	0	0	0
\$46,320 - \$51,783		0	0	0	0	0	0	0
\$51,784 - \$65,526		0	0	0	0	0	0	0
\$65,527 - \$84,737	1	0	1	0	0	0	0	0
\$84,738 - \$105,923	2	2	0	0	0	0	0	0
> \$105,923 (non SES)	8	8	0	0	0	0	1	1
> \$105,923 (SES)	1	1	0	0	0	0	0	0
TOTAL	12	11	1				1	1

Office of Transport Safety Investigations								
Staff Numbers by Level								
Level	Total Staff	Men	Women	Aboriginal People & Torres Strait Islanders	People from Racial, Ethnic, Ethno-Religious Minority Groups	People Whose Language First Spoken as a Child was not English	People with a Disability	People with a Disability Requiring Work-related Adjustment
< \$33,910	0	0	0	0	0	0	0	0
\$33,910 - \$44,537	0	0	0	0	0	0	0	0
\$44,538 - \$49,791	1	0	1	0	0	0	0	0
\$49,792 - \$63,006	0	0	0	0	0	0	0	0
\$63,007 - \$81,478	2	1	1	0	0	0	0	0
\$81,479 - \$101,849	4	4	0	0	0	0	0	0
>\$101,849 (non SES)	4	4	0	0	0	0	1	1
>\$101,849 (SES)	1	1	0	0	0	0	0	0
TOTAL	12	10	2	0	0	0	1	1

Performance & Number of Executive Officers			
Number of SES Officers			
SES Level	No of SES Officers (total) 2007	No of SES Officers (total) 2008	No of Female staff in SES 2008
5	1	1	0
Total	1	1	0

Name: Paul O'Sullivan

Title: Chief Investigator, Office of Transport Safety Investigations

Remuneration: 253,500

Level: SES Level 5

Performance Pay: Nil

Performance Achievements:

Successfully discharged the responsibilities of both the Chief Executive and Chief Investigator of the Office of Transport Safety Investigations, including the investigation of serious rail, bus and ferry accidents and incidents; review of operator investigation reports; provision of an industry safety service through the Confidential Safety Information Reporting Scheme and analysis of events in other jurisdictions to determine relevant safety trends.

Throughout the reporting period, the Chief Investigator reported to the Minister for Transport.

Specific achievements include:

- provided a 24-hour reporting service for the notification of rail, bus and ferry accidents and incidents;
- published a daily summary of incidents notified to OTSI through the incident reporting system and the immediate action taken;
- received and reviewed 418 "72 hour" incident reports from rail, bus and ferry operators as a follow-up to notified accidents and incidents;

- responded to, initiated and completed seven OTSI investigations into serious rail, bus and ferry accidents and incidents;
- reviewed 14 rail operator investigation reports to determine the adequacy of those investigations, their findings and recommendations;
- provided the Minister for Transport with monthly statutory reports on those operator investigations reviewed by OTSI;
- submitted four OTSI investigation reports to the Minister for Transport for tabling in Parliament;
- reviewed and provided comment on 12 NSW Maritime investigation reports into incidents involving public passenger vessels
- received and actioned 39 reports through the Confidential Safety Information Reporting Scheme;
- provided continuing professional development, education and training for all staff, and
- continued the development and population of the Accident Investigation Management Database.

Trends in the Representation of EEO Groups					
EEO Group	% of Total Staff				
	Benchmark or Target	2005	2006	2007	2008
Women	50%		9%	17%	8%
Aboriginal people and Torres Strait Islanders	2%				
People whose first language was not English	20%		9%		
People with a disability	12%		9%	8%	10%
People with a disability requiring work-related adjustment	7%		9.1%	8.3%	9.5%

In 2007/08 OTSI lodged a successful application for inclusion into the NSW Public Sector Indigenous Cadetship Program. The application was sought for a number of OTSI sought to recruit a Cadet Analyst to provide not only invaluable training but also to allow the detailed analysis of transport safety and accident information from NSW, National and International sources to assist in the identification and evaluation of transport safety trends. While OTSI was not successful in attracting a candidate in this round it will be participating again in 2008/2009 program.

Consultants

OTSI did not engage any consultants in the 2007/08 financial year.

Land Disposal

OTSI does not have any land to dispose of.

List of Major Assets

OTSI has no major assets to report against.

Economic or Other Factors

There were no economic or other factors affecting OTSI's operational objectives in 2007-2008.

Publications

Apart from the investigation reports that were tabled in Parliament, the only other OTSI publication that was released in 2007-08 was its Annual Report for 2006-07.

Occupational Health and Safety

In conformity with the OHS Act 2002, OTSI operates its OHS Consultative Committee as a full staff meeting, given the number of staff employed by the Agency. Staff raise any concerns directly, and given the functions performed by OTSI, it is acutely aware of the need for safe working practices, especially in regard to its considerable field activities.

Overseas Travel

There were no overseas visits by OTSI Staff in 2007/2008; however, one officer did attend a conference paid for by OTSI in America while on a private visit.

Waste Management

OTSI has a waste management strategy that provides for the recycling of used goods and paper.

Code of Conduct and Ethics

A code of conduct has been developed and is currently being reviewed in preparation for release to all staff.

Annual Report External Costs

The cost of printing and production of the annual report was \$946.14.

Contact Details

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Facsimile: 02 93229299

www.otsi@nsw.gov.au

Confidential Safety Information Reporting Scheme (CSIRS)

PO Box A2616
Sydney South NSW 1235

Level 17, 201 Elizabeth Street
Sydney NSW 2001

Email: csirs@otsi.nsw.gov.au

Telephone: 1800 180 828

Facsimile: 1800 180 528

OTSI's office hours of business are 9am to 5pm Monday to Friday (except public holidays)

OTSI operates on a 24 hour/ seven day basis through a scheme of rostered Duty Officers and Investigator in Charge. The duty officer can be contacted on:

Telephone: 1800 677 766