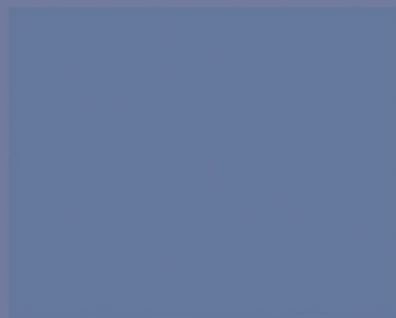




**OTSI** Office of Transport Safety Investigations





## Office of Transport Safety Investigations

The Honourable Gladys Berejiklian, MP  
Minister for Transport  
Level 35, Governor Macquarie Tower  
1 Farrer Place  
SYDNEY NSW 2000

26 October 2012

Dear Minister

It is my pleasure to submit to you the 2011 – 2012 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 S. O'Sullivan  
Chief Investigator

## TABLE OF CONTENTS

Letter to Minister	1
Charter	5
Aims and Objectives	5
Organisation	6
Operations	8
2011 – 12 in Review	8
Challenges 2012 – 2013	10
Governance and Management Systems	10
Management of OTSI Records	11
Stakeholder Engagement	11
Industry Participants	11
Industry Regulators	11
OTSI in the Global Transport Safety Environment	12
Financial Summary Overview	13
Financial Statements	15
Payment of Accounts	39
Freedom of Information	40
Risk Management	40
Privacy Management Plan	40
Disability Action Plan	41
Principal Legislation	41
Credit Card Certification	41
Response to Significant Issues Raised by the Auditor-General	41
Significant Committees	41
Grants to Non-Government Organisations	41
Legal Changes	41
Departures from Subordinate Legislation	42
Major Works in Progress	42
Human Resources of OTSI 2011 - 12	42
Performance & Number of Executive Officers	43
Trends in the Representation of EEO Groups	44
Multicultural Policies and Services Program	44
Consultants	45
Land Disposal	45
List of Major Assets	45
Economic or Other Factors	45
Publications	45
Occupational Health and Safety	45
Overseas Travel	46
Waste Management	46
Code of Conduct and Ethics	46
Internal Audit and Risk Management Attestation- for the 2011-2012 financial year for the Office of Transport Safety Investigations	46
Annual Report Costs	47
Contact Details	48

## Chief Investigator's Report

As the State's independent transport safety investigator, responsible for serving the safety interests of the travelling public and those of the rail, bus and ferry operators who provide passenger and rail freight services, OTSI has continued to make a significant contribution to public transport and rail freight safety through its direct investigative involvement with service providers, industry regulators, government divisions and authorities, and the general public. In particular, it has:

- Fostered constructive 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 bases for information exchange and investigative collaboration.
- Promoted the concept and practice of a Just Culture occurrence reporting system and facilitated the reporting of safety concerns by transport employees by providing a secure and responsive investigatory service through the confidential information reporting scheme.
- Cooperated with the State Coroner, Crown Solicitor's Office and NSW Police by providing expert witness evidence in preparation for, and at coronial inquests into fatal accidents investigated by OTSI.
- Contributed to the proceedings of the Integration Working Group of the Australian Transport Safety Bureau (ATSB) to frame the terms of the Collaboration Agreement under which OTSI will conduct investigations in accordance with the *Transport Safety Investigation Act 2003* (Cth) on behalf of the ATSB as the national rail safety investigator.
- Participated with Commonwealth officers in the preliminary planning for the establishment of a Collaboration Agreement, similar to the rail safety investigation Agreement, which will expand OTSI's maritime responsibilities for ferry investigations to include Australian commercial shipping.
- Maintained its currency and capability as a multi-modal transport accident investigator through the application of contemporary investigative practices, together with participation in field and tabletop exercises, and liaison with other investigative jurisdictions, to improve its incident response procedures, investigation management and report presentation.
- Undertaken training in the ATSB's Diploma of Transport Safety Investigations as a mandatory prerequisite to conducting rail safety investigations in accordance with the terms of the National Rail Safety Investigator Collaboration Agreement with effect from January 2013.
- Initiated investigations into seven rail and seven bus accidents and incidents in which fatal injuries were sustained by one member of the public.
- Completed investigations into seven of those accidents together with nine accident investigations carried forward from 2011, one of which also involved a fatality.

- In accordance with the *Rail Safety Act 2008 (NSW)* and the *Passenger Transport Act 1990 (NSW)*, the reports into twelve of those accidents and incidents have been tabled in Parliament and are publicly available on the OTSI website. In addition, the Technical Inspection Findings into four of the incidents which were investigated have also been published on OTSI's website.

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.

Throughout the reporting period, OTSI has continued to make a direct 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 what was then 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 Chief Investigator's 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 2008*, 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 seventh year of independent operations, considerable emphasis has been placed on ensuring that OTSI's operations contribute directly to the provision of safe, efficient public transport and rail freight services in accordance with the goals set out in the NSW 2021 plan.

## 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. OTSI's investigations are conducted with the purpose of producing 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.

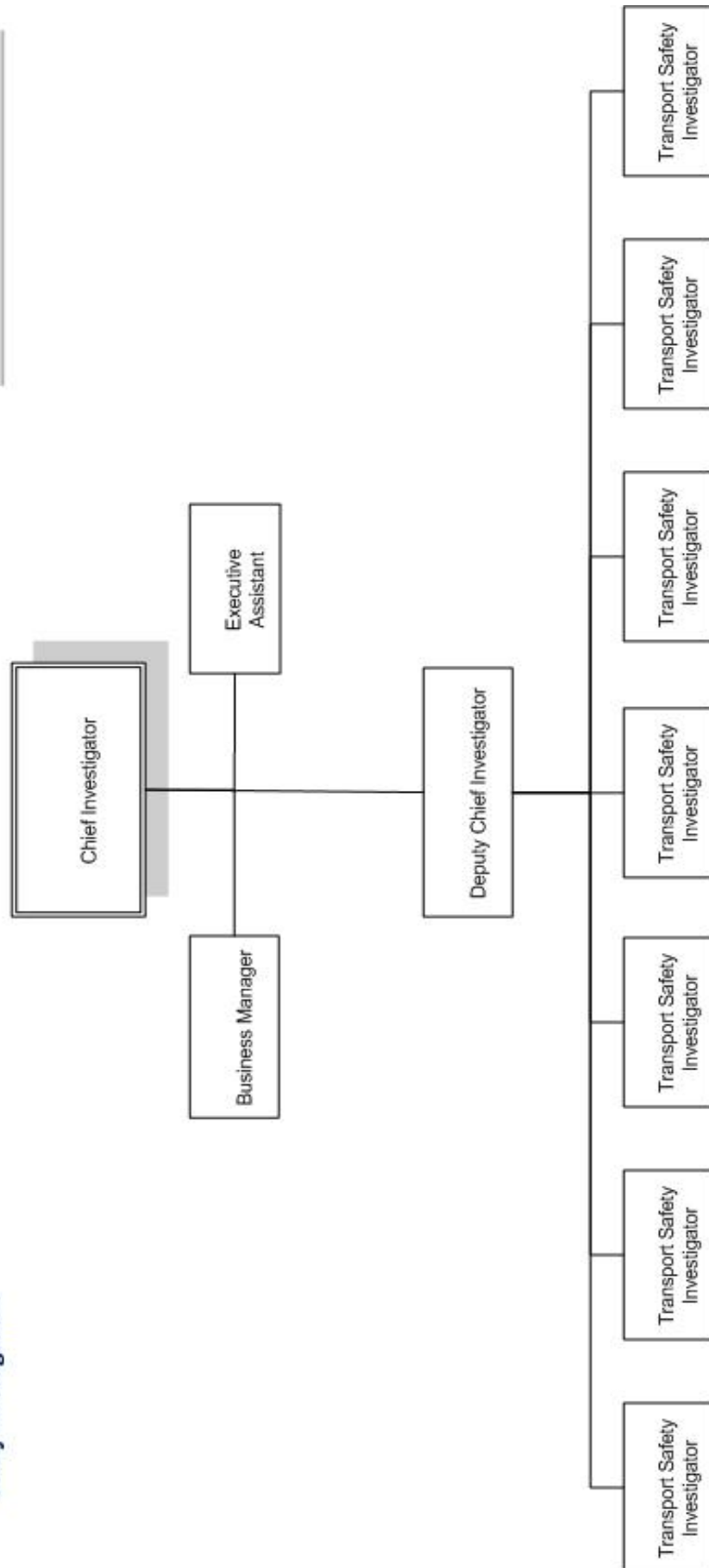
- ◆ Production of Transport Safety Investigation Reports which are tabled in Parliament by the Minister for Transport and published on the OTSI website for operator, industry and public utilisation.
- ◆ Production of the Findings of Technical Inspections carried out by OTSI investigators which are published on the OTSI website for the information of operators, industry and the public.
- ◆ 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 on call Duty Officer 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 rail, bus and ferry 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.
- ◆ The conduct of safety investigations where organisational systemic defects or deficiencies are detected in the course of accident investigations or where safety trend analysis indicates the requirement.

## **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.



**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 2008* 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 investigations, 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 identify safety trends which warrant the provision of safety notifications to operators and regulators.

## 2011 – 12 in Review

During the year, OTSI received 2998 reports of incidents and accidents which fell within the category of “Notifiable Occurrences” as described in the *Acts*, *Regulations* and established reporting protocols. As a result of these notifications, OTSI investigators deployed on 31 occasions and the Chief Investigator determined that the following 14 incidents warranted independent investigation by OTSI:

### Rail

- ◆ 2 September 2011 Train collision with a motor vehicle at Woy Woy
- ◆ 23 November 2011 Pacific National coal train derailment at Clifton
- ◆ 15 December 2011 Pacific National safeworking incident at Unanderra
- ◆ 27 February 2012 Level crossing collision at Narromine
- ◆ 7 March 2012 SPAD and opposing movement at Gunnedah
- ◆ 4 May 2012 Fatal level crossing at Nundah
- ◆ 18 May 2012 ARTC ballast train collision on the Ulan Line

## Bus

- ♦ 29 Jul 2011 CNG-powered STA bus fire at Hillsdale
- ♦ 26 September 2011 CYC Tours coach fire at Douglas Park
- ♦ 16 December 2011 Transdev Shorelink bus fire at Mt Colah
- ♦ 13 January 2012 Grasshopper Tours bus fire at Nimbin
- ♦ 22 February 2012 Hunter Valley Buses bus fire at Raymond Terrace
- ♦ 20 March 2012 Lodges Buses bus fire at Albury/Wodonga
- ♦ 7 May 2012 CNG-powered STA bus fire at North Bondi

As a result of the number of bus fires attended by OTSI investigators throughout the reporting period, the Chief Investigator initiated a systemic investigation into cause of bus fires on 16 April 2012.

## Ferry

Although nine incidents were reported to OTSI by ferry operators during the reporting period, it is pleasing to record that none of them constituted Level 1 or 2 matters which required independent investigation.

In all, OTSI dealt with twenty-four investigations during the reporting period. Of the fifteen investigations initiated in 2011 – 12, seven were completed within the reporting period, together with another nine investigations which were in progress from 2010 – 11. The reports of twelve of these investigations were submitted to the Minister, tabled in Parliament and published on the OTSI website on the dates indicated:

## Rail

- ♦ 5 July 2011 Whittingham derailment on 13 March 2010
- ♦ 29 November 2011 Zig Zag collision on 1 April 2011
- ♦ 8 December 2011 Enfield Yard collision on 3 May 2011
- ♦ 6 February 2012 Kogarah safeworking fatality on 13 April 2010
- ♦ 6 March 2012 Bankstown near strike on 29 October 2010
- ♦ 2 April 2012 El Zorro SPAD Unanderra on 7 February 2011
- ♦ 10 April 2012 Woy Woy RMV collision on 2 September 2011
- ♦ 26 June 2012 PN derailment at Clifton on 23 November 2011

## Bus

- ♦ 17 April 2011 Jindabyne coach rollover on 11 June 2011
- ♦ 4 May 2012 Douglas Park coach fire on 26 September 2011

## Ferry

- ♦ 30 September 2011 *Marjorie Jackson* collision on 2 August 2010
- ♦ 22 November 2011 Captain Cook systemic from 14 September 2010

The following investigations were completed and published on OTSI's website as Technical Inspection Findings on the dates indicated:

- ◆ 13 October 2011 STA bus fire at Cremorne on 22 March 2011
- ◆ 23 February 2012 Grasshopper Tours bus fire on 13 January 2012
- ◆ 27 March 2012 Narromine LX collision on 27 February 2012
- ◆ 2 May 2012 Lodges bus fire at Albury on 20 March 2012

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

- ◆ Received thirteen rail, bus and ferry operator investigation reports and completed its review of all of those investigations, providing comment on the adequacy of the investigations, their findings and safety recommendations.
- ◆ Received thirteen confidential reports from transport employees through the Confidential Safety Information Reporting Scheme (CSIRS) and finalised twelve of those cases with formal notification of the results of the investigations being provided to the reporters.

### **Challenges 2012 – 2013**

Although much has been achieved in its first seven 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:

- ◆ Be prepared to undertake rail safety investigations in accordance with the terms of the Collaboration Agreement with the Australian Transport Safety Bureau within the framework of the single national rail safety investigator with effect from January 2013.
- ◆ 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.
- ◆ Research and acquire relevant emerging investigative technologies which have the potential to enhance the techniques, practices and procedures employed by OTSI in the conduct of its investigations.

### **Governance and Management Systems**

The Governance and Management Systems applied in OTSI are appropriate to its size 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 in a larger, more diversified organisation.

## **Management of OTSI Records**

OTSI has an in-house system in place to maintain Electronic Records and manage documents. A review of recordkeeping practices and systems is conducted on an annual basis. The aim of this functional system is to enable OTSI to achieve its business objectives by:

- employing best-practice recordkeeping systems;
- improving staff retrieval of key business information;
- ensuring statutory recordkeeping requirements are met; and
- having a single system for record management.

In September 2008, a Functional Retention and Disposal Authority developed by OTSI was approved by the NSW State Records Board. This Authority identifies records that can be transferred to State Archives and provides State Records approval for the destruction of records after a suitable retention period has been met.

## **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 Regulator (ITSR) as the Rail regulator and with NSW Roads and Maritime as the Ferry regulator. It has also established a set of Guiding Principles with Transport for

NSW as the current 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.

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.

OTSI's operations represent a cost effective investment in ensuring the safe operation of the NSW Public Transport and Rail freight industries. While its jurisdiction is currently within NSW, the impact of the work OTSI performs is obvious well beyond NSW borders. The following table 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.

<b>OTSI WEBSITE TRAFFIC</b>			
229,951 Page views			
<b>Month</b>	<b>Visits</b>	<b>Pages</b>	<b>Hits</b>
Jun-12	5,292	20,987	36,071
May-12	5,603	25,440	42,480
Apr-12	5,069	20,291	33,222
Mar-12	5,817	22,419	37,,794
Feb-12	5,999	24,439	45,444
Jan-12	5,105	18,878	32,995
Dec-11	5,657	18,173	34,215
Nov-11	4,598	18,132	33,504
Oct-11	5,027	19,863	36,183
Sep-11	3,937	14,847	27,373
Aug-11	4,208	14,325	28,809
Jul-11	3,835	12,157	23,723
<b>Total</b>	<b>60,147</b>	<b>229,951</b>	<b>374,019</b>

## **Financial Summary Overview**

In 2011-12, OTSI received consolidated fund allocations of \$2.187m. OTSI had minor revenue consisting of investment revenue and reimbursements.

The net result showed an operating deficit of \$191,000. OTSI has received an assurance from Transport for NSW to fund any future deficits to ensure that the Office is able to meet its debts as and when they fall due.

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

## CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

### STATEMENT BY THE CHIEF INVESTIGATOR

For the year ended 30 June 2012

Pursuant to section 41C (1B) and (1C)(b) 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 Accounting Interpretations);
- The requirements of the *Public Finance and Audit Act 1983* and the Public Finance and Regulation 2010; and
- The Financial Reporting Directions published in the Financial Reporting Code for 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 of the Office of Transport Safety Investigations; and

(c) There are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



**Chief Investigator**

**Date: 28 September 2012**



## 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 statements of Chief Investigator of the Office of Transport Safety Investigation (the Office), which comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

### Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Office as at 30 June 2012, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

### The Chief Investigator's Responsibility for the Financial Statement

The Chief Investigator is responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards, the PF&A Act and for such internal control as the Chief Investigator determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Office's preparation and fair presentation of the financial statements 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 Office'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 statements.



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 it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- the assumptions used in formulating the budget figures disclosed in the financial statements
- about any other information which may have been hyperlinked to/from the financial statements.

### **Independence**

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor General
- 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 of New South Wales are not compromised in their roles by the possibility of losing clients or income.



C J Giumelli  
Director, Financial Audit Services

28 September 2012  
SYDNEY

# CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

## Statement of Comprehensive Income for the year ended 30 June 2012

	Notes	Actual 2012 \$'000	Budget 2012 \$'000	Actual 2011 \$'000
<b>Expenses excluding losses</b>				
Operating expenses				
Employee related	2(a)	1,910	1,763	1,739
Other operating expenses	2(b)	563	561	553
Depreciation and amortisation	2(c)	59	16	78
<b>Total Expenses excluding losses</b>		<b>2,532</b>	<b>2,340</b>	<b>2,370</b>
<b>Less:</b>				
<b>Revenue</b>				
Recurrent appropriation	3(a)	-	-	2,141
Capital appropriation	3(a)	-	-	-
Sale of services	3(b)	7	3	2
Investment revenue	3(c)	6	6	6
Grants and contributions	3(d)	2,187	2,187	-
Acceptance by the Crown Entity of Employee benefits and other liabilities	3(e)	141	93	103
<b>Total Revenue</b>		<b>2,341</b>	<b>2,289</b>	<b>2,252</b>
<b>Net Result</b>		<b>(191)</b>	<b>(51)</b>	<b>(118)</b>
<b>Other Comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>(191)</b>	<b>(51)</b>	<b>(118)</b>

The accompanying notes form part of these statements.

## Statement of Financial Position as at 30 June 2012

	Notes	Actual 2012 \$'000	Budget 2012 \$'000	Actual 2011 \$'000
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	5	88	104	179
Receivables	6	15	21	31
<b>Total Current Assets</b>		<b>103</b>	<b>125</b>	<b>210</b>
<b>Non-Current Assets</b>				
Property, plant and equipment				
Leasehold improvements	7	48	-	95
Plant and equipment	7	25	40	31
Total property, plant and equipment		73	40	126
Intangible assets	8	-	-	5
<b>Total Non-Current Assets</b>		<b>73</b>	<b>40</b>	<b>131</b>
<b>Total Assets</b>		<b>176</b>	<b>165</b>	<b>341</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables	9	65	74	80
Provisions	10	332	209	291
<b>Total Current Liabilities</b>		<b>397</b>	<b>283</b>	<b>371</b>
<b>Total Liabilities</b>		<b>397</b>	<b>283</b>	<b>371</b>
<b>Net Assets</b>		<b>(221)</b>	<b>(118)</b>	<b>(30)</b>
<b>EQUITY</b>				
Accumulated funds		(221)	(118)	(30)
<b>Total Equity</b>		<b>(221)</b>	<b>(118)</b>	<b>(30)</b>

The accompanying notes form part of these statements.

## CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

### Statement of Changes in Equity for the year ended 30 June 2012

	Accumulated Funds Actual 2012 \$'000	Accumulated Funds Actual 2011 \$'000
<b>Balance at 1 July</b>	(30)	88
(Deficit)/Surplus for the year	(191)	(118)
Other comprehensive income		-
<b>Total comprehensive income for the year</b>	(191)	(118)
<b>Balance at 30 June</b>	(221)	(30)

The accompanying notes form part of these statements.

## Statement of Cash Flows for the year ended 30 June 2012

	Notes	Actual 2012 \$'000	Budget 2012 \$'000	Actual 2011 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Payments</b>				
Employee related		(1,704)	(1,695)	(1,626)
Other operating expenses		(637)	(626)	(562)
<b>Total Payments</b>		<b>(2,341)</b>	<b>(2,321)</b>	<b>(2,188)</b>
<b>Receipts</b>				
Recurrent appropriation		-	-	2,141
Capital appropriation (excluding equity Appropriations)		-	-	-
GST		58	73	54
Interest received		6	6	6
Grants & Contributions		2,187	2,187	-
<b>Total Receipts</b>		<b>2,251</b>	<b>2,266</b>	<b>2,201</b>
<b>NET CASH INFLOWS/(OUTFLOWS FROM OPERATING ACTIVITIES)</b>	14	<b>(90)</b>	<b>(55)</b>	<b>13</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchases of property, plant and equipment		(1)	(20)	(18)
Proceeds from sale of Plant & Equipment				-
<b>NET CASH OUTFLOWS FROM INVESTING ACTIVITIES</b>		<b>(1)</b>	<b>(20)</b>	<b>(18)</b>
<b>NET INCREASE/ (DECREASE) IN CASH</b>		<b>(91)</b>	<b>(75)</b>	<b>(5)</b>
Opening cash and cash equivalents		179	179	184
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	5	<b>88</b>	<b>104</b>	<b>179</b>

The accompanying notes form part of these statements.

# CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

## Notes to and Forming Part of the Financial Statements For the year ended 30 June 2012

### 1. Summary of Significant Accounting Policies

#### (a) *Reporting Entity*

The Chief Investigator of the Office of Transport Safety Investigations (the Office) 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 Office 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 of the Office of Transport Safety Investigations on 28 September 2012.

#### (b) *Basis of Preparation*

The Office's financial statements are general purpose financial statements, which have 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 Regulation 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 are measured at fair value. Other financial reports items are prepared in accordance with the historical cost convention.

The financial statements have been prepared on a going concern basis which assumes that repayment of debts will be met, as and when they fall due, without any intention or necessity to liquidate assets or otherwise wind up operations. It is considered that the going concern basis is appropriate for the following reasons:

- the Office is a NSW Government statutory authority and
- the Office is a budget dependent agency receiving grants from Transport for NSW to fund cashflows and their cash projections indicate that the Office will pay its debts as and when they fall due.
- Transport for New South Wales has issued a letter of support to the Office in relation to its ongoing financial position.

# CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

## Notes to and Forming Part of the Financial Statements For the year ended 30 June 2012

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 Australian Accounting Interpretations.

### **(d) Insurance**

The Office'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 claim experience.

### **(e) Accounting for Goods and Services Tax (GST)**

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

- The amount of GST incurred by the Office 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 and
- Receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of Cash Flows 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 is classified as operating cash flows.

### **(f) 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:

#### **(i) Parliamentary Grants and Contributions from Other Bodies:**

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

# CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

## Notes to and Forming Part of the Financial Statements For the year ended 30 June 2012

### (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*.

## (g) Assets

### (i) Acquisition of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Office. Cost is the amount of cash or cash equivalents 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 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.

### (ii) Valuation Of Assets

The Office's non specialised assets have short useful lives and are measured at depreciated historical cost which is used as a surrogate for fair value.

### (iii) Capitalisation Threshold

Property, plant, equipment (including computers and related IT equipment) and intangible assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised.

### (iv) Impairment of property, plant and equipment and intangible assets

As a not-for-profit entity with no cash generating units, the Office is effectively exempted from AASB 136 *Impairment of Assets* and impairment testing of property, plant and equipment and intangible assets. This is because AASB 136 modifies the recoverable amount test to the higher of fair value less the 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.



# CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

## Notes to and Forming Part of the Financial Statements For the year ended 30 June 2012

### (v) 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 Office. The depreciation rates used are leasehold improvements (20%), office furniture and equipment (20%), computer equipment (20%) and intangible assets (20%).

### (vi) Maintenance

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.

### (vii) Leased Assets

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

### (viii) Intangible Assets

The Office recognises intangible assets only if it is probable that future economic benefits will flow to the Office 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 (refer to note (g) (iv) above). Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Office's intangible assets, the assets are carried at cost less any accumulated amortisation.

### (ix) 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 effective interest method is immaterial.

# CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

## Notes to and Forming Part of the Financial Statements For the year ended 30 June 2012

### (x) 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 Office 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 Statement of Comprehensive Income. Any reversals of impairment losses are reversed through the Statement of Comprehensive Income if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

### (xi) 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 Office has not transferred substantially all the risks and rewards, if the entity has not retained control.

Where the Office 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.

## **(h) Liabilities**

### (i) Payables

These amounts represent liabilities for goods and services provided to the Office and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rates are measured at the original invoice amount where the effect of discounting is immaterial.

### (ii) Employee Benefits and Other Provisions

# CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

## Notes to and Forming Part of the Financial Statements For the year ended 30 June 2012

### (a) 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.

### (b) Long Service Leave and Superannuation:

The Office's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The Office 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".

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 12/06) 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.

# CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

## Notes to and Forming Part of the Financial Statements For the year ended 30 June 2012

### (c) Other Provisions

Other provisions exist when: the Office 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 Office has a detailed formal plan and the Office 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.

### (i) **Equity**

Equity comprises accumulated funds which include all current and prior period retained funds.

### (j) **Budgeted Amounts**

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect to the reporting period, as adjusted for section 24 of the PFAA where there has been a transfer of functions between departments. Other amendments made to the budget are not reflected in the budgeted amounts.

### (k) **Comparative information**

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

### (l) **New Australian Accounting Standards Issued But Not Yet Effective**

The Office has reviewed all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board ("the AASB") issued but not yet effective.

The new and revised Accounting Standards that impact the Office are listed below.

## CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

### Notes to and Forming Part of the Financial Statements For the year ended 30 June 2012

Standard	Summary of key requirements/changes	Applicable to annual reporting periods beginning on or after	Impact on Reporting Entity's Financial Statements
AASB 9 <i>Financial Instruments</i> and AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9</i>	AASB 9 introduces new requirements for the classification, measurement and derecognition of financial assets and financial liabilities.	The IASB has deferred the effective date of this standard to 1 January 2015. It is expected that AASB will also make a similar amendment.	The impact on the Regulator's Statements is not expected to be significant.
AASB 13 <i>Fair Value Measurement</i> and AASB 2011-8.	The Standard defines fair value, establishes a single framework or guidance for the measuring of fair value and requires enhanced disclosures about fair value measurements.	1 January 2013	It is not possible at this stage to determine the impact if any of the new standards on any of the amounts recognised in the consolidated financial statements.
AASB 119 <i>Employee Benefits</i> AASB 2011-10 and AASB 2011-11	This Standard will mainly impact the accounting for defined benefit pension schemes.	1 January 2013 with retrospective implementation as per AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> .	It is not possible at this stage to determine the impact of this new Standard on the consolidated financial statements.

A number of other new standards have been identified & assessed and it is expected that they will have no impact on the financial statements of the Office.

# CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

## Notes to and Forming Part of the Financial Statements For the year ended 30 June 2012

	2012 \$'000	2011 \$'000
<b>2. Expenses excluding losses</b>		
<b>(a) Employee related expenses</b> <i>comprise the following specific items:</i>		
Salaries (including recreation leave)	1,551	1,465
Superannuation – defined benefits plan	37	33
Superannuation – defined contribution plan	101	80
Long service leave	102	68
Workers' compensation insurance	12	3
Payroll Tax and Fringe Benefit Tax	107	90
	<b>1,910</b>	<b>1,739</b>
<b>(b) Other operating expenses</b>		
Accommodation		
Operating lease rental expense – minimum lease payments	330	282
Other property costs	19	16
External services		
Contractors	77	79
Audit fees	20	16
Information Technology		
Computer Leasing		
Communication Lines	1	1
Other Computer Costs		
Motor vehicle running expenses		
Operating minimum lease rentals	15	16
Other motor vehicle expenses	14	58
Staff recruitment and training costs	13	16
Interest expense	3	3
Administration		
Printing and stationery	7	8
Telephones	12	14
Travel	32	27
Others	20	17
	<b>563</b>	<b>553</b>

The Office's maintenance expenses are immaterial and do not include employee related expenses. Property, plant and equipment do not include any capitalised employee related expenses

# CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

## Notes to and Forming Part of the Financial Statements For the year ended 30 June 2012

	2012 \$'000	2011 \$'000
<b>(c) Depreciation and amortisation</b>		
Leasehold Improvements (Note 7)	47	52
Plant and Equipment (Note 7)	7	20
Intangible Assets (Note 8)	5	6
	<b>59</b>	<b>78</b>

### 3. Revenues

#### (a) Recurrent appropriations

Total recurrent drawdowns from Treasury

Less: Liability to Consolidated Fund

Recurrent appropriations

#### Capital appropriations

Total capital drawdowns from Treasury

Less: Liability to Consolidated Fund

Capital appropriations

-	2,141
-	-
-	2,141
-	-
-	-
-	-

The Consolidated Fund Appropriation disclosed in 2010-11 is provided as a grant from Transport for NSW in 2011-12 (see note 3(d)).

#### (b) Sale of services

Rendering of services

7	2
7	2

#### (c) Investment revenue

Interest on bank balance

6	6
6	6
2,187	-
2,187	-

#### (d) Grants and Contributions

The grant to the Office from Transport for NSW was provided as a Consolidated Fund Appropriation in 2010-11 (see note 3(a)).

#### (e) 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

Long service leave

Payroll tax on superannuation

(Note 15)

2012 \$'000	2011 \$'000
37	33
102	68
2	2
<b>141</b>	<b>103</b>

# CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

## Notes to and Forming Part of the Financial Statements For the year ended 30 June 2012

### 4. Service Group Information

The Office has one service group namely:

#### Service group – Investigation and Risk Mitigation Analysis

Description: This service group covers the mandated function of independently investigating safety incidents that occur in public transport and rail freight in New South Wales.

As the Office has only one service group, details of the Office's expenses, income, assets and liabilities are not required to be produced in the Service Group Statement as this information is already available in the Statement of Comprehensive Income and Statement of Financial Position.

	2012 \$'000	2011 \$'000
<b>5. Cash and Cash Equivalents</b>		
Cash at bank and on hand	88	179
	<b>88</b>	<b>179</b>

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

Cash and cash equivalents (per Statement of Financial Position)	88	179
Closing cash and cash equivalents (per Statement of Cash Flows)	88	179

	2012 \$'000	2011 \$'000
<b>6. Receivables</b>		
Goods and Services Tax – recoverable	5	5
Investment revenue receivable	2	6
Other Receivables	8	20
Prepayments	-	-
	<b>15</b>	<b>31</b>

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 2012

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 16 in line with the Financial Reporting Code.

	2012 \$'000	2011 \$'000
<b>7. (a) Property, Plant and Equipment</b>		
Leasehold improvements	670	670
Less: Accumulated depreciation	622	575
Carrying amount at fair value	48	95
Plant and equipment	122	121
Less: Accumulated depreciation	97	90
Carrying amount at fair value	25	31
Total property, plant and equipment	792	791
Accumulated depreciation	719	665
Carrying amount at fair value	73	126

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
<b>Year Ended 30 June 2012</b>			
Net Carrying amount 1 July 2011	95	31	126
Additions		1	1
Disposals			
Depreciation expense (Note 2(c))	47	7	54
Carrying amount 30 June 2012	48	25	73
<b>Year Ended 30 June 2011</b>			
Net Carrying amount 1 July 2010	147	33	180
Additions	-	18	18
Disposals	-	-	-
Depreciation expense (Note 2(c))	52	20	72
Carrying amount 30 June 2011	95	31	126

# CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

## Notes to and Forming Part of the Financial Statements For the year ended 30 June 2012

	2012 \$'000	2011 \$'000
<b>8. Intangible Assets</b>		
Computer systems		
At cost	32	32
Less: Accumulated amortisation	32	27
Carrying amount at cost	-	5

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	5	11
Amortisation expense (Note 2(c))	5	6
Carrying amount at cost	-	5

## 9. Payables

Creditors	9	30
Accruals		
Salaries and on-costs	34	26
Others	22	24
	65	80

Details regarding credit risk, liquidity risk and market risk are disclosed in Note 16.

## 10. Provisions

### Current Liabilities

Recreation leave	211	194
Employee oncosts	60	39
	271	233

### Aggregate employee benefits and related On-costs

Recreation leave	211	194
Employee oncosts and accrued salaries	94	65
	305	259

### Make good provision

Restoration costs	61	58
	61	58

# CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

## Notes to and Forming Part of the Financial Statements For the year ended 30 June 2012

### 11. Commitments for Expenditure

	2012 \$'000	2011 \$'000
<b>(a) Capital Commitments</b>		
<b>Aggregate other expenditure contracted for at balance date and not provided for:</b>		
Not later than one year	-	22
Later than one year but not later than five years	-	-
Later than five years	-	-
Total (including GST)	-	22
<b>(b) Other Expenditure Commitments</b>		
<b>Aggregate other expenditure contracted for at balance date and not provided for:</b>		
Not later than one year	-	-
Later than one year but not later than five years	-	-
Later than five years	-	-
Total (including GST)	-	-
<b>(c) Operating Lease Commitments</b>		
<b>Aggregate other expenditure contracted for at balance date and not provided for:</b>		
Not later than one year	344	378
Later than one year but not later than five years	37	303
Later than five years	-	-
Total (including GST)	381	681

The Office leases its motor vehicles and office accommodation. Input tax on all commitments estimated at \$35k (2011 - \$64k) will be recouped from the Australian Taxation Office.

### 12. Contingent Liabilities and Contingent Assets

The Office had no contingent liabilities and assets as at 30 June 2012 (2011-Nil).

### 13. Budget Review

#### Net Result

The net result for the year ended 30 June 2012 was an operating deficit of (\$191k) which was \$140k higher than 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 2012

This was mainly due to employee related expenses being \$147k higher than the budget and depreciation (\$59k) being \$43k higher than the budget.

In 2012-13 an additional amount of \$100k has been provided in grant funding from Transport for NSW to enable OTSI to operate within its budget.

#### Assets and Liabilities

The Statement of Financial Position comprises principal assets and liabilities.

The major variations compared to the budget were:

- **Cash** of \$88k was lower than the budget of \$104k mainly due to higher than budget expenditure.
- **Property, plant and equipment** was \$33k higher than the budget mainly due to an increase in leasehold improvements
- **Provisions** were \$123k higher than budget mainly due to an increase in the provisions for employee entitlements and the make good provision.

#### 14. Reconciliation of Cash Flows from Operating Activities to Net Result as reported in the Statement of Comprehensive Income

	2012 \$'000	2011 \$'000
Net Cash inflows from operating activities	(90)	13
Depreciation and amortisation	(59)	(78)
Decrease/(Increase) in prepayments	-	(13)
Decrease/(Increase) in receivables	7	(1)
Increase(Decrease) in payables	18	(26)
Decrease/(Increase) in provisions	(67)	(13)
Loss on disposal of Plant & Equipment	-	-
Net Result	(191)	(118)

#### 15. Non-Cash Financing and Investing Activities

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

Employees' entitlements and liabilities Assumed by the Crown Entity (Note 3e)	141	103
	141	103

# CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

## Notes to and Forming Part of the Financial Statements For the year ended 30 June 2012

### 16. Financial Instruments

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

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

The Chief Investigator of the Office of Transport Safety Investigations 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 Office, to set risk limits and controls and to monitor risks.

#### (a) Financial Instruments categories

Financial Assets Class	Note	Category	Carrying amount 2012 \$'000	Carrying amount 2011 \$'000
Cash and cash equivalents	5	N/A	88	179
Receivables	6	Loans and receivables (at amortised cost)	10	26
<b>Financial Liabilities Class</b>				
Payables	9	Financial liabilities (at amortised cost)	65	80

The above table does not include statutory receivables, payables, prepayments and unearned income as these are not within the scope of AASB 7.

#### (b) Credit Risk

Credit risk arises when there is the possibility of the Office's debtors defaulting on their contractual obligations, resulting in a financial loss to the Office. 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 Office, including cash and receivables. No collateral is held by the Office. The Office has not granted any financial guarantees.

# CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

## Notes to and Forming Part of the Financial Statements For the year ended 30 June 2012

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

### (c) Liquidity Risk

Liquidity risk is the risk that the Office will be unable to meet its payment obligations when they fall due. The Office's primary source of cash inflows is a grant from Transport for NSW that was initially sourced from the consolidated fund allocation to meet the Office's ongoing operating and capital commitments. The Office is prohibited by Treasury policies and practices from making payments in excess of its revenue, including the grant from Transport for NSW. As such the Office's exposure to liquidity risk is deemed insignificant based on current Treasury policies and practices.

During the current and prior year, there were no defaults of loans payable. No assets have been pledged as collateral. The entity's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

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.

Liquidity is monitored as an ongoing basis, with additional funds sought from Transport for NSW if required.

# CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

## Notes to and Forming Part of the Financial Statements For the year ended 30 June 2012

### (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 Office is not exposed to this class of risk because as reported above its main source of cash inflows is the Consolidated Fund allocations. The Office 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 Office's exposure to interest rate risk is immaterial.

### Financial Instruments

At Fair Value	Floating Interest rate		Non-Interest Bearing		Total carrying amount as per Statement of Financial Position		Weighted average effective interest rate	
	2012	2011	2012	2011	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%	%
<b>Financial Assets</b>								
Cash	88	179		-	88	179	4.06	4.29
Receivables	-	-	10	26	10	26	-	-
<b>Total</b>	<b>88</b>	<b>179</b>	<b>10</b>	<b>26</b>	<b>98</b>	<b>205</b>		
<b>Financial Liabilities</b>								
Payable	-	-	65	80	65	80	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>65</b>	<b>80</b>	<b>65</b>	<b>80</b>		

### 17. After Balance Date Events

In 2012/13 TfNSW agreed to increase the funding for the Office by \$100k per annum to assist with employee related costs. This additional funding will assist the Office to continue as a going concern.

The Office received a letter of comfort at 26 September 2012 from Transport for NSW to ensure the Office is able to meet its debts as and when they fall due.

## End of Audited Financial Statements

## Payment of Accounts

Aged analysis at the end of each quarter					
	Current (i.e. within due date)	Less than 30 days overdue	Between 30 and 60 days overdue	Between 61 days and 90 days overdue	More than 90 days overdue
Quarter	\$'000	\$'000	\$'000	\$'000	\$'000
<b>All suppliers</b>					
September	598				14
December	550		1		
March	587	1			
June	298	2			
<b>Small business suppliers</b>					
September					
December	2				
March	3				
June					

Accounts due or paid within each quarter				
Measure	Sept	Dec	Mar	Jun
<b>All suppliers</b>				
Number of accounts due for payment	62	65	56	67
Number of accounts paid on time	59	62	54	61
Actual percentage of accounts paid on time (based on number of accounts)	95%	95%	96%	91%
Dollar amount of accounts due for payment (\$'000)	612	551	588	300
Dollar amount of accounts paid on time (\$'000)	598	550	587	298
Actual percentage of accounts paid on time (based on \$)	98%	100%	100%	99%
Number of payments for interest on overdue accounts	-	-	-	-
Interest paid on overdue accounts	-	-	-	-



<b>Accounts due or paid within each quarter (continued)</b>				
<b>Measure</b>	<b>Sept</b>	<b>Dec</b>	<b>Mar</b>	<b>Jun</b>
<b>Small Business suppliers</b>				
Number of accounts due for payment to small businesses	3	6	5	4
Number of accounts due to small businesses paid on time	3	6	5	4
Actual percentage of small business accounts paid on time (based on number of accounts)	100%	100%	100%	100%
Dollar amount of accounts due for payment to small businesses	241	2039	2999	314
Dollar amount of accounts due to small businesses paid on time	241	2039	2999	314
Actual percentage of small business accounts paid on time (based on \$)	100%	100%	100%	100%
Number of payments to small businesses for interest on overdue accounts	-	-	-	-
Interest paid to small businesses on overdue accounts	-	-	-	-

### **Freedom of Information**

There were no applications made under the GIPA Act 2009 legislation in 2011/2012.

### **Risk Management**

OTSI participates in 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 2011/2012. In addition, OTSI has engaged Transport NSW to provide all its Information Technology services and therefore participates in the Transport NSW disaster recovery processes.

### **Privacy Management Plan**

OTSI has completed a Privacy Management Plan and lodged a copy with Privacy NSW. The plan incorporates privacy standards for dealing with personal information, ensures legally enforceable privacy rights of the public are respected, and prescribes how OTSI deals with personal information. It makes provision for the lodgement of complaints about misuse of personal information and for an internal review concerning an alleged misuse of personal information.

## **Disability Action Plan**

OTSI developed a new Disability Action Plan (DAP) and lodged a copy with the Department of Ageing, Disability & Home Care. The DAP identifies OTSI's responsibilities, objectives, goals and policies in relation to people with disabilities. The DAP articulates OTSI's commitment to ensuring that people with disabilities have the same access to OTSI's services, programs and facilities as the rest of the community.

## **Principal Legislation**

OTSI exercises functions under the:

- ◆ *Transport Administration Act 1988*;
- ◆ *Passenger Transport Act 1990*;
- ◆ *Rail Safety Act 2008*, 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.

Within OTSI, credit cards are used primarily for:

- expenses incurred in connection with travel on official business;
- the purchase of minor stores and services; and
- meeting the cost of official out-of-pocket expenses when investigators are deployed in the field.

OTSI's credit card policy is documented, and requires monthly reconciliation of invoices by the cardholder and the Business Manager.

## **Response to Significant Issues Raised by the Auditor-General**

No significant issues for OTSI were raised by the Auditor General during 2011 – 2012.

## **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**

Effective from 1 January 2009, the *Rail Safety Act 2008* replaced the *Rail Safety Act 2002* in New South Wales. The changes to the legislation had no effect on OTSI's investigative functions.

## 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 2011 – 12.

## Human Resources of OTSI 2011 - 12

OTSI is an agency with a total staffing of 11 as at 30 June 2012. Given the size of the organisation and the nature of its functions, there is limited scope for OTSI to be represented across all the categories in the table below. OTSI is staffed by officers with industry and investigative experience in the various transport modes and with qualifications in engineering, safety science, occupational health and safety and accident forensics.

### 2011/2012 Staffing:

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

Table 1.1 Staff Numbers by Level								
LEVEL	Number							
	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
< \$47,919		0	0	0	0	0	0	0
\$47,920 - \$52,993		0	0	0	0	0	0	0
\$52,994 - \$58,630		0	0	0	0	0	0	0
\$58,631 - \$65,282		0	0	0	0	0	0	0
\$65,283 - \$73,626		0	0	0	0	0	0	0
\$73,627- \$82,082	1	0	1	0	0	0	0	0
\$82,083 - \$93,447	0	0	0	0	0	0	0	0
\$93,448 - \$106,075	0	0	0	0	0	0	0	0
\$106,076 - \$122,148	8	8	0					
> \$122,148 (non SES)	1	1	0					
>\$122,148(SES)	1	1	0					
<b>TOTAL</b>	<b>11</b>	<b>10</b>	<b>1</b>					

## Performance & Number of Executive Officers

**Name:** Paul O'Sullivan

**Title:** Chief Investigator, Office of Transport Safety Investigations

**Remuneration:** \$285,350

**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 152 "72 hour" incident reports from rail, bus and ferry operators as a follow-up to notified accidents and incidents;

- responded to and initiated 15 OTSI investigations into serious rail and bus accidents and incidents; continued another 9 investigations which were already in progress and completed 16 investigations in the reporting period.
- reviewed 13 rail, bus and ferry 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 12 OTSI investigation reports to the Minister for Transport for tabling in Parliament;
- received 13 reports through the Confidential Safety Information Reporting Scheme and completed 12 of those investigations with outcomes provided to the reporters;
- provided continuing professional development, education and training for all staff, and
- continued the development and population of the Accident Investigation Management Database.

Performance & Number of Executive Officers			
Number of SES Officers			
SES Level	No of SES Officers (total) 2011	No of SES Officers (total) 2012	No of Female staff in SES 2012
5	1	1	0
Total	1	1	0

### Trends in the Representation of EEO Groups

EEO Group	% of Total Staff				
	Benchmark or Target	2009	2010	2011	2012
Women	50%	9%	9%	9%	9%
Aboriginal people and Torres Strait Islanders	2%				
People whose first language was not English	30%				
People with a disability	12%				
People with a disability requiring work-related adjustment	6%				

### Multicultural Policies and Services Program

OTSI is a relatively small agency that does not deliver direct services to the public. OTSI does not have specific policies and procedures on multicultural issues and is not required to develop a relevant plan.

OTSI does, however, recognise the principles of multiculturalism and is aligned to the broader direction of the Community Relations Commission's Plan of Action 2012.

In line with these principles OTSI continued with the following activities during 2011 – 12:

- Ensured its recruitment practices are merit-based and not disadvantageous to any specific cultural group;
- Ensured that discrimination is not tolerated in any behaviour or practice in relation to OTSI; and
- Took into consideration cultural needs of our staff and stakeholders in our communication activities.

OTSI recognises that competent service delivery requires us to understand diversity, to confidently manage it, to reflect it and to draw on it. Diversity of people, languages, backgrounds, education and opinions is considered a valuable resource which is available to our investigators. It is valuable in terms of collating information, tasking, deployment and reporting.

Staff needs for cross-cultural training and education will be assessed and appropriate strategies developed to raise the competence, skills and awareness of staff to work with and meet the needs of culturally and linguistically diverse groups within their community.

### **Consultants**

OTSI did not engage any consultants in the 2011 - 12 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 2011 - 2012.

### **Publications**

Apart from the investigation reports that were tabled in Parliament, the only other OTSI publication that was released in 2011 -12 was its Annual Report for 2010 -11.

### **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 Office. 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

Officer	Date	Destination	Purpose
Paul O'Sullivan	September 2011	United States Salt Lake City and Washington	Attended the annual conference of the International Society of Air Safety Investigators and attended official meetings with the Director of the Transportation Disaster Assistance Division of the US National Transport Safety Board.

## Waste Management

OTSI has in place a waste paper recycling program to reduce the impacts of paper usage and a toner cartridge recycling arrangement. Where practicable, purchases are made that are environmentally sustainable and energy efficient. Purchasing staff are encouraged to purchase items with recycled content such as stationery, re-manufactured toner cartridges and office copy paper.

## Code of Conduct and Ethics

OTSI has developed a Code of Conduct to assist staff by providing a framework for day to day decisions and actions while working in investigations.

Specifically the Code of Conduct:

- States the standards expected of staff within OTSI in relation to conduct in their employment.
- Assists in the prevention of corruption, maladministration and serious and substantial waste by alerting staff to behaviours that could potentially be corrupt or involve maladministration or waste.
- Provides information to assist staff to gain further information or more detailed guidance.

## Internal Audit and Risk Management Attestation- for the 2011-2012 financial year for the Office of Transport Safety Investigations

I, Paul O'Sullivan, Chief Investigator of the Office of Transport Safety Investigations (OTSI) am of the opinion that the Office of Transport Safety Investigations has internal audit and risk management processes in place that are, in all material respects, compliant with the core requirements set out in Treasury Circular NSW TC 09/08 Internal Audit and Risk Management Policy.

I, Paul O' Sullivan, Chief Executive and Chief Investigator am of the opinion that the Audit and Risk Committee for the Office of Transport Safety investigations (OTSI) is constituted and operates in accordance with the independence and governance requirements of Treasury Circular NSW TC 09/08. The Chair and Members of the Audit and Risk Committee are:

- Independent Chair – Mr Ken Barker for three years,
- Independent Member – Mr Alexander Smith for three years, and
- Non-independent Member - Mr John Hartmann for three years.

These processes will provide a level of assurance that will enable the senior management of the Office of Transport Safety Investigations (OTSI) to understand, manage and satisfactorily control risk exposures.

### **Annual Report Costs**

In accordance with Premier's Memorandum 2012-11, this report was produced, printed and bound in-house. The cost of materials used in its production was \$50.



## Contact Details

Office of Transport Safety Investigations

PO Box A2616  
Sydney South NSW 1235

Level 17, 201 Elizabeth Street  
Sydney NSW 2001

[Info@otsi.nsw.gov.au](mailto:Info@otsi.nsw.gov.au)

Telephone: 02 9322 9200

Facsimile: 02 9322 9299

[www.otsi.nsw.gov.au](http://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](mailto: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 duty system of a rostered Duty Officer and Investigator in Charge. The duty officer can be contacted on:

Telephone: 1800 677 766