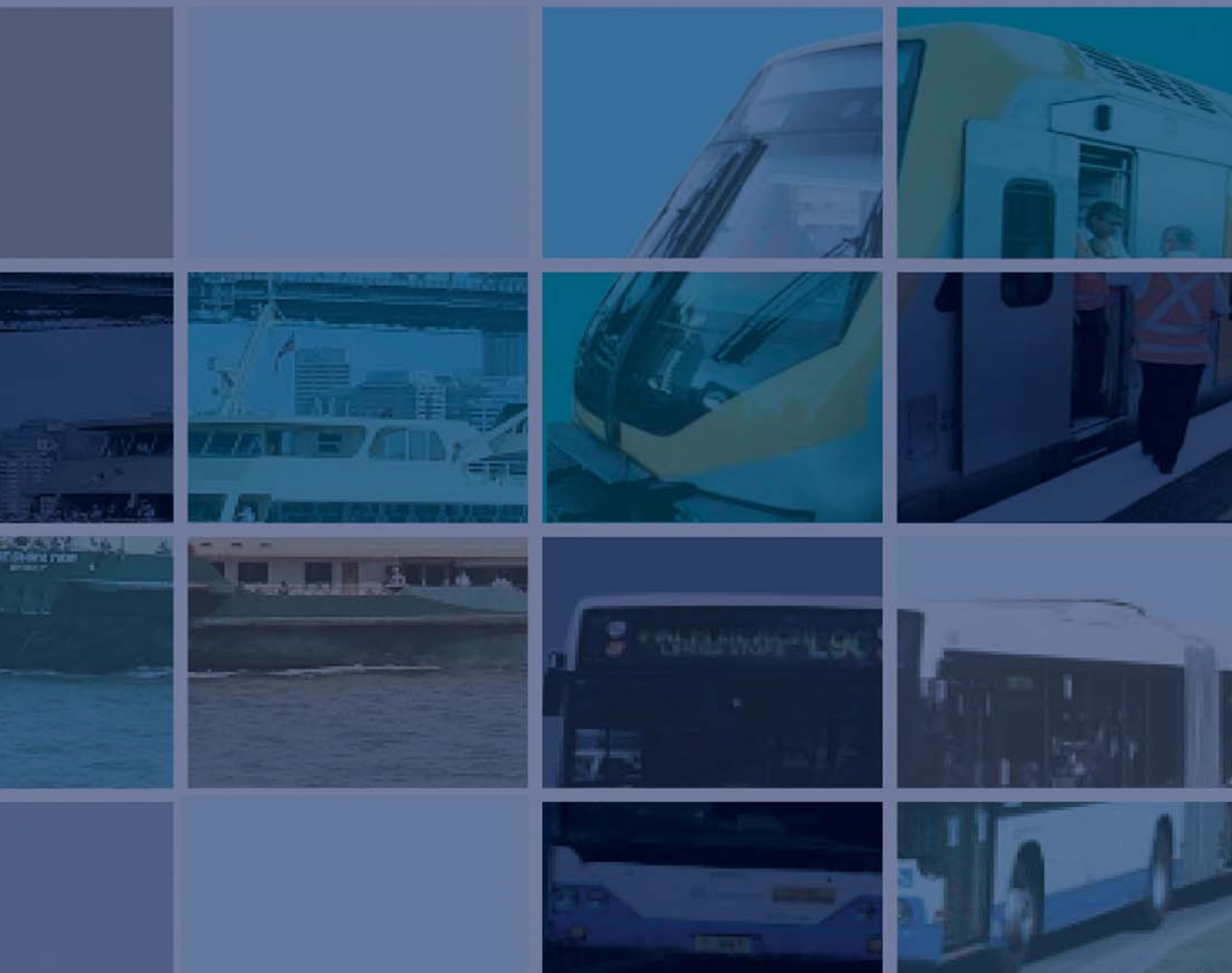




Office of Transport Safety Investigations

ANNUAL REPORT

2008 - 2009



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

29 October 2009

Dear Minister

It is my pleasure to submit to you the 2008 – 2009 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
Chief Investigator's Report	3
Charter	4
Aims and Objectives	5
Organisation	6
Operations	8
2008 – 09 in Review	9
Challenges 2009 – 2010	17
Governance and Management Systems	17
Management of OTSI Records	17
Stakeholder Engagement	18
Industry Participants	18
Industry Regulators	18
OTSI in the Global Transport Safety Environment	18
Financial Summary Overview	20
Statement by the Chief Investigator	21
Financial Statements	22
Payment of Accounts	45
Time for Payments of Accounts	45
Freedom of Information	45
Risk Management	45
Privacy Management Plan	46
Disability Action Plan	46
Principal Legislation	46
Credit Card Certification	46
Response to Significant Issues Raised by the Auditor-General	46
Significant Committees	46
Grants to Non-Government Organisations	47
Legal Changes	47
Departures from Subordinate Legislation	47
Major Works in Progress	47
Human Resources of OTSI 2008 - 09	47
Consultants	50
Land Disposal	50
List of Major Assets	50
Economic or Other Factors	50
Publications	51
Occupational Health and Safety	51
Overseas Travel	51
Waste Management	51
Code of Conduct and Ethics	51
Annual Report External Costs	52
Contact Details	53

Chief Investigator's Report

In its fourth year of operations as an independent statutory office 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 development of the National Transport Commission's Regulatory Impact Statement concerning the establishment of a single national rail regulator and investigator.
- 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.
- Completed investigations into three rail and five bus accidents in which fatal injuries were sustained by two rail infrastructure maintenance workers, two pedestrians and one cyclist, and three other persons were very seriously injured. The reports into these accidents have been tabled in Parliament and are publicly available on the OTSI website.
- Initiated investigations into four accidents involving train derailments, one bus accident and one ferry systemic investigation.

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 fourth 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 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 fourth 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. 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.
- ◆ 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:

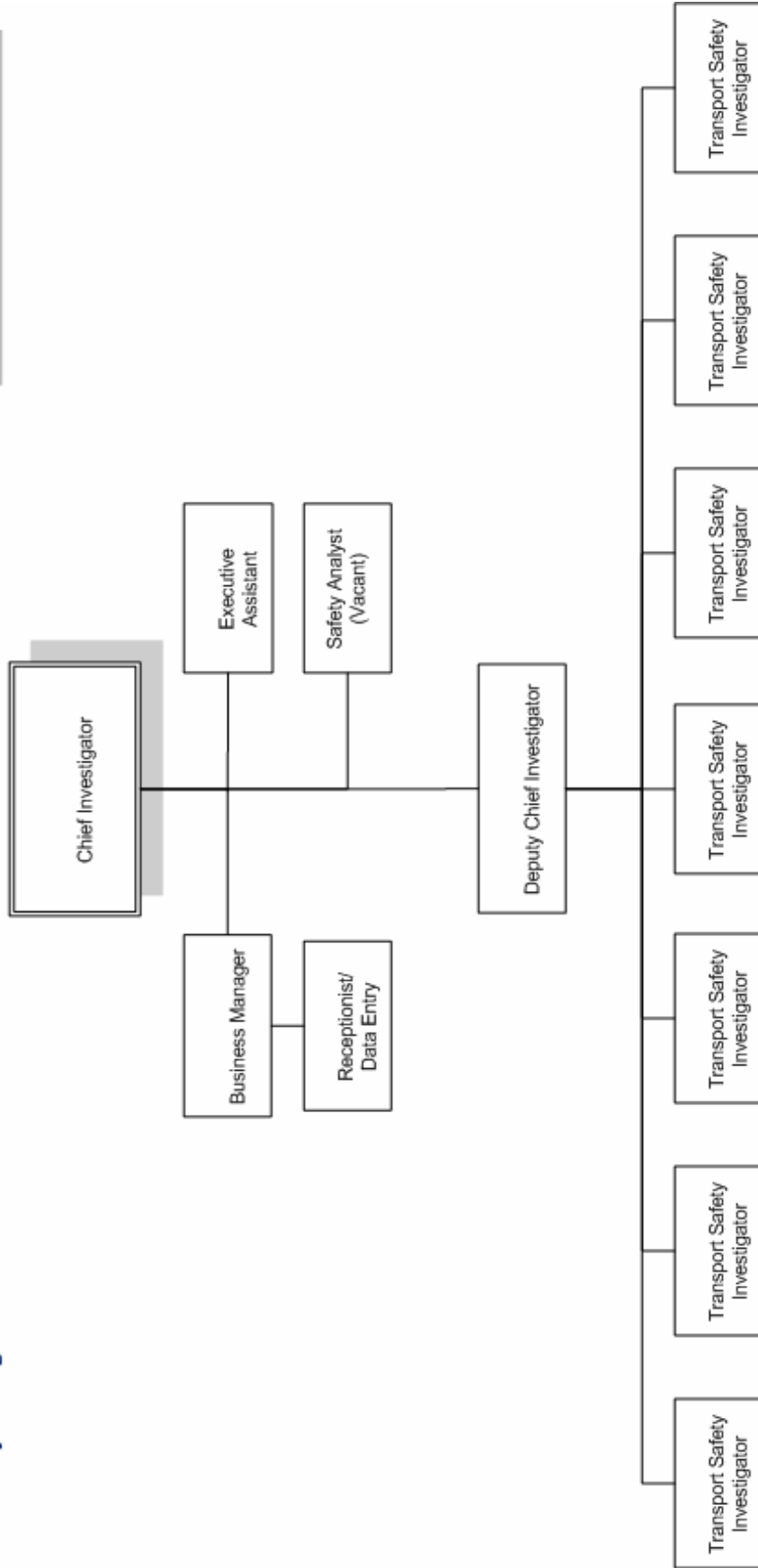
- ◆ A 24 hour on call Duty Officer to whom rail, bus and ferry operators and regulators report the occurrence of accidents and incidents.
- ◆ A 24 hour investigation response team capable of providing immediate deployment to an accident or incident site.
- ◆ A team of transport safety investigators capable of undertaking investigations into 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.

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.



2008 – 09 in Review

During the year, OTSI received 1769 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, the following 6 incidents were determined to warrant independent investigation by OTSI:

- On the afternoon of 7 January 2009, a CityRail Tangara passenger service was proceeding towards Homebush Station where it was scheduled to stop, but it did not do so and passed a stop signal without authority. After passing the signal, the leading and second cars derailed on the catchpoints and came to rest 31 metres past the catch points with the leading three cars and part of the fourth car beyond the platform, marginally fouling the Down Suburban line. Passengers in the cars beyond the platform were evacuated safely via the fifth car onto the platform. One passenger was slightly injured.



Homebush

- At approximately 2:35am on Saturday 24 January 2009, a CityRail four-car Tangara carrying four passengers departed Unanderra Station and approached a signal which was set at stop to permit the passing of an on-coming freight train. However, the Tangara passed the stop signal without authority and derailed on the catchpoints, coming to rest approximately 50m past the catch points with all wheels of the first two cars and all wheels of the leading bogie of the third car, derailed. The approaching freight train was directed to stop by the controller. The derailment caused some damage to the bogies and bodywork of the two front passenger cars and to the infrastructure associated with the catch points. No injuries were sustained by either the crew or the passengers who were escorted off the train to Unanderra Station.



Unanderra

- Late on the afternoon of Sunday 8 February 2009, an El Zorro grain service consisting of four locomotives and 38 trailing wagons was en route from Nyngan to Inner Harbour, Wollongong, with a full load of grain. The train was on a straight section of track between Narromine and Parkes, some 7km North of Peak Hill, when nine of the last fifteen wagons derailed. The derailment caused extensive damage to some 330 metres of track infrastructure and the nine wagons were damaged to varying degrees. Neither of the two crew members was injured.



Peak Hill

- An ARTC Ballast Regulator followed by a Tamper track machine with crews from 'Track Australia' was en route from Dubbo to Parkes on the morning of 10 May 2009, when the leading Ballast Regulator passed a signal, which provides protection to Goobang Yard, while it displayed a

danger indication. As a result of the leading Ballast Regulator slowing down, the trailing Tamper track machine collided with the rear of the Ballast Regulator, propelling it approximately 50 metres past the stop signal. The following Tamper machine managed to come to a stand short of the signal. There were two personnel on the Ballast Regulator and two on the Tamper machine, none of whom was injured. Both track machines sustained some minor damage.



Goobang

- At approximately 2:10pm on Tuesday 12 May 2009, a West-bound motor car, stationary at the intersection of Cowpasture Road and Prairie Vale Road at Bossley Park, was hit by a wheel which had come away from a Westbus Scania bus heading in the opposite direction. The bus involved had come to a stop opposite the car at the intersection of Stockdale Crescent and Cowpasture Road when the bus driver saw one of the bus's rear wheels travel past the bus and collide with the car. The car involved suffered moderate damage, but the driver escaped injury.



Bossley Park

- On the basis of a number of representations made to the Chief Investigator by employees of Sydney Ferries Corporation under the provisions of OTSI's confidential safety information reporting scheme, a systemic investigation into specific aspects of ferry crew training was initiated on 27 May 2009.



SFC Training

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:

- Before first light on the morning of 16 July 2007, two rail infrastructure maintenance workers were on the tracks in the vicinity of Singleton station inspecting and testing signals components that had earlier appeared to malfunction, when they were struck by an empty Pacific National coal train and fatally injured.



Singleton

- In three separate accidents over a 33 hour period in June 2007, three persons died in NSW as a result of having been struck by a bus. A week later, another pedestrian was seriously injured after having been struck by a bus. These accidents involved:
 - a male pedestrian suffering fatal injuries after being struck by a Hillsbus on the M2 Motorway at Carlingford on 19 June 2007;



Carlingford

- a female pedestrian suffering fatal injuries after being struck by an STA bus at the intersection of Druiitt and Clarence Streets in the Sydney CBD on 19 June 2007;



Druiitt and Clarence Streets

- a male cyclist suffering fatal injuries after being struck by a Hunter Valley bus at the intersection of Hillview and Arthur Streets at Rutherford on 20 June 2007, and



Rutherford

- a female pedestrian suffering serious injury after being struck by an STA bus at the intersection of DrUITT and Kent Streets in the Sydney CBD on 27 June 2007.



Druitt Street

- A Pacific National ore service consisting of two 48 Class locomotives and 27 empty container wagons derailed four kilometres East of Miowera in the early hours of Sunday 1 October 2006. The leading locomotive remained on the track but the trailing locomotive and 14 wagons immediately behind it derailed. 300 metres of track was extensively damaged and there was significant damage to rolling stock.



Miowera

- On the afternoon of Tuesday 7 November 2006, a track worker was preparing to weld a newly laid section of rail in an area of track work that formed part of the Sandgate rail flyover project, when he was struck by a reversing Hi Rail excavator that was engaged in filling the shoulders of the newly laid track with ballast. The track worker sustained a severe injury which necessitated hospitalisation and emergency surgery.



Sandgate

- A young cyclist was struck by a Busways bus as she rode across the T-Way section of a designated pedestrian crossing near the entrance to the Parklea Markets on the morning of 12 November 2007. The cyclist sustained serious injuries and was conveyed to Westmead Children's Hospital by a Careflight helicopter.



Parklea

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

- ◆ Received and reviewed 33 rail, bus and ferry operator investigation reports and provided comment on the adequacy of the investigations, their findings and safety recommendations.
- ◆ Received 16 confidential reports from transport employees through the Confidential Safety Information Reporting Scheme (CSIRS) and finalised all those cases with formal notification of the results of the investigations being provided to the reporters.
- ◆ Assisted the Crown Solicitor's Office with its preparation for the coronial inquest into the fatalities resulting from the collision between the Harbourcat ferry *Pam Burridge* and the motor cruiser *Merinda* on Sydney Harbour on 28 March 2007.
- ◆ 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.

Challenges 2009 – 2010

Although much has been achieved in its first four 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.
- ◆ 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 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

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

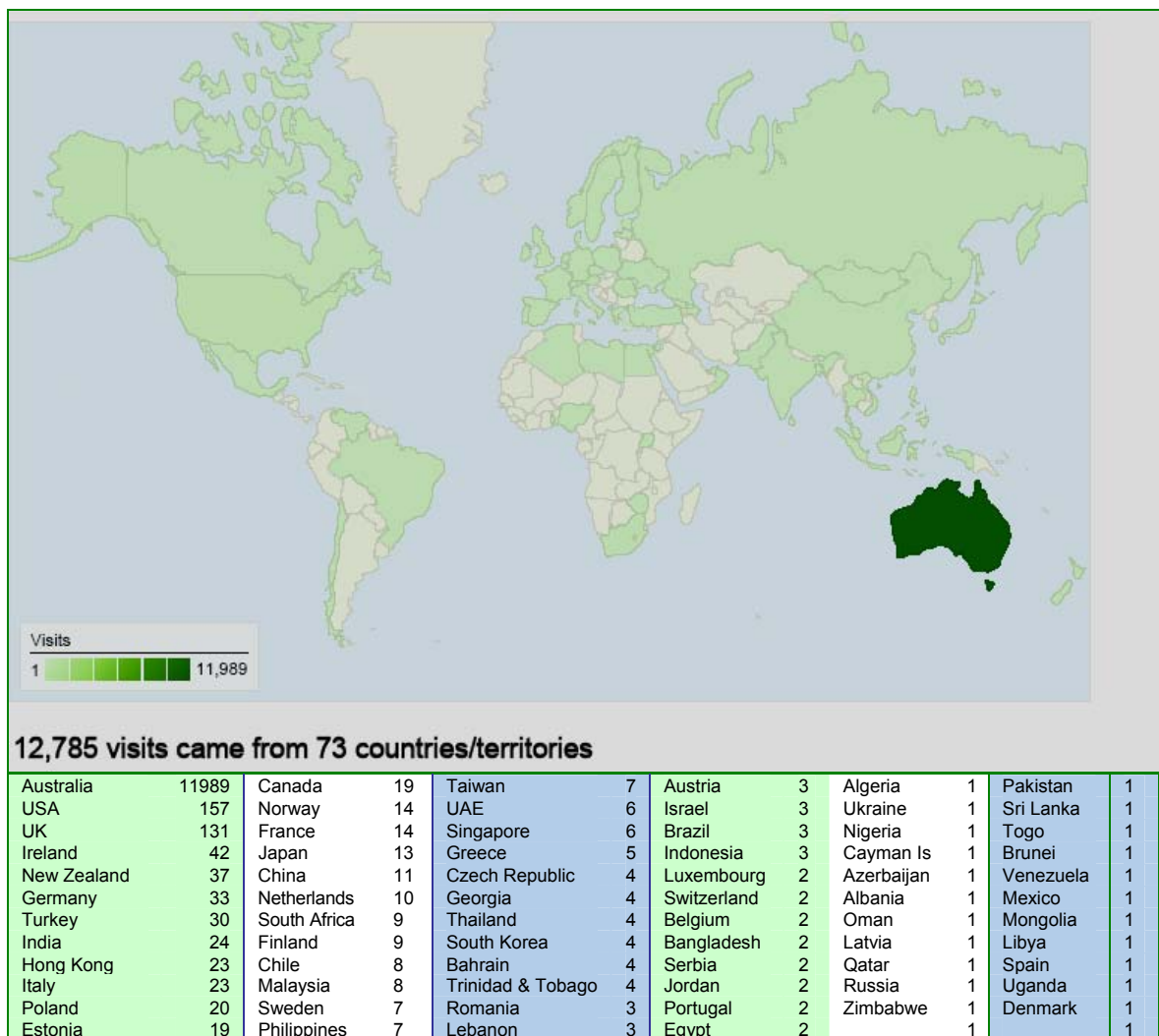
OTSI maintains a close working relationship with all the Regulators involved in Public Transport services in NSW. OTSI has entered into Memoranda of Understanding (MOU) with the Independent Transport Safety and Reliability Regulator (ITSRR) as the Rail regulator and with the NSW Maritime Authority as the Ferry regulator. It has also established a set of Guiding Principles with NSW Transport and Infrastructure 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 represent 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.

OTSI WEBSITE VISITORS



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 WEBSITE TRAFFIC

MONTH	PAGE REQUESTS
Jul 2008	27058
Aug 2008	26957
Sep 2008	24087
Oct 2008	26155
Nov 2008	23726
Dec 2008	22741
Jan 2009	33232
Feb 2009	29416
Mar 2009	30119
Apr 2009	27465
May 2009	28934
Jun 2009	31020

Financial Summary Overview

In 2008-09, OTSI received government contributions of \$2.179M (including recurrent appropriation of \$2.090M). OTSI had minor revenue associated with the reimbursement of phone costs.

OTSI's net cost of service (represented by total expenses less revenue) was \$2.362M.

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 2009

Pursuant to section 41C (1B) 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 *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: 2 October 2009



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 2009, the operating statement, statement of recognised income and expense, cash flow statement and 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 at 30 June 2009, and its financial performance 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 controls 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 controls relevant to the Office'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 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 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 it has carried out its activities effectively, efficiently and economically,
- about the effectiveness of its internal controls, or
- on the assumptions used in formulating the budget figures disclosed in the financial report.

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 of New South Wales are not compromised in their role by the possibility of losing clients or income.

S Bond .

Sally Bond
Director, Financial Audit Services

2 October 2009
SYDNEY

CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

Operating Statement For the year ended 30 June 2009

	Notes	Actual 2009 \$'000	Budget 2009 \$'000	Actual 2008 \$'000
Expenses excluding losses				
Operating expenses				
Employee related	2(a)	1,690	1,580	1,548
Other operating expenses	2(b)	530	660	571
Depreciation and amortisation	2(c)	154	151	153
Total Expenses excluding losses		2,374	2,391	2,272
Less:				
Revenue				
Sale of services	3(a)	4	1	1
Investment revenue	3(b)	8	12	14
Total Revenue		12	13	15
Net Cost Of Services	17	2,362	2,378	2,257
Government Contributions				
Recurrent appropriation				
Acceptance by the Crown of employee benefits and other liabilities	4	2,090	2,090	2,018
	5	89	113	80
Total Government Contributions		2,179	2,203	2,098
(DEFICIT)/SURPLUS FOR THE YEAR	13	(183)	(175)	(159)

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 2009

		Actual 2009 \$'000	Budget 2009 \$'000	Actual 2008 \$'000
	Notes			
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY		-	-	-
(Deficit)/Surplus for the Year	13	(183)	(175)	(159)
TOTAL INCOME AND EXPENSES RECOGNISED FOR THE YEAR	13	(183)	(175)	(159)

The accompanying notes form part of these statements.

CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

Balance Sheet As at 30 June 2009

	Notes	Actual 2009 \$'000	Budget 2009 \$'000	Actual 2008 \$'000
ASSETS				
Current Assets				
Cash and cash equivalents	7	163	195	218
Receivables	8	22	33	33
Total Current Assets		185	228	251
Non-Current Assets				
Property, plant and equipment				
Leasehold improvements	9	249	250	374
Plant and equipment	9	46	48	69
Total property, plant and equipment		295	298	443
Intangible assets				
Computer systems	10	18	18	24
Total intangible assets		18	18	24
Total Non-Current Assets		313	316	467
Total Assets		498	544	718
LIABILITIES				
Current Liabilities				
Payables	11	54	70	70
Provisions	12	157	178	178
Total Current Liabilities		211	248	248
Total Liabilities		211	248	248
Net Assets		287	296	470
EQUITY				
Accumulated funds	13	287	296	470
Total Equity		287	296	470

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 2009

	Notes	Actual 2009 \$'000	Budget 2009 \$'000	Actual 2008 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Employee related		(1,620)	(1,473)	(1,471)
Other operating expenses		(602)	(730)	(644)
Total Payments		(2,222)	(2,203)	(2,115)
Receipts				
Miscellaneous revenue		64	71	57
Interest received		13	12	14
Total Receipts		77	83	71
Cash Flows from Government				
Recurrent appropriation		2,090	2,090	2,018
Net Cash Flows from Government		2,090	2,090	2,018
NET CASH INFLOWS FROM OPERATING ACTIVITIES	17	(55)	(30)	(26)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment		-	-	-
Purchase of intangible assets		-	-	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		-	-	-
NET(DECREASE)/ INCREASE IN CASH		(55)	(30)	(26)
Opening cash and cash equivalents		218	225	244
CLOSING CASH AND CASH EQUIVALENTS	7	163	195	218

The accompanying notes form part of these statements.

CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

Statement of Compliance with Financial Directives For the year ended 30 June 2009

	2009				2008			
	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	2,092	2,090	-	-	2,086	2,018	-	-
Additional appropriations								
S 21 PF& AA - special appropriations	-	-	-	-	-	-	-	-
S 24 PF& AA - transfer of functions between agencies	-	-	-	-	-	-	-	-
	<u>2,092</u>	<u>2,090</u>	<u>-</u>	<u>-</u>	<u>2,086</u>	<u>2,018</u>	<u>-</u>	<u>-</u>
Other appropriations/expenditure								
Treasurer's advance	-	-	-	-	-	-	-	-
Enforced transfer - recurrent to capital	-	-	-	-	-	-	-	-
Transfer to/from another agency (S24 of the Appropriation Act)	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Appropriation/Expenditure								
Net Claim on Consolidated Fund	<u>2,092</u>	<u>2,090</u>	<u>-</u>	<u>-</u>	<u>2,086</u>	<u>2,018</u>	<u>-</u>	<u>-</u>
Drawdown from Treasury		2,090		-		2,018		-
Liability to Consolidated Fund		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>

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 2009

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 2 October 2009.

(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 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, 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 Australian Accounting Interpretations.

CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

Notes to and Forming Part of the Financial Statements For the year ended 30 June 2009

(d) 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 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 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 and
- 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.

(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 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 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 income. When the amount is repaid and the liability will be extinguished next financial year.

(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*.

Notes to and Forming Part of the Financial Statements
For the year ended 30 June 2009

(g) Acquisitions of Assets

(i) Acquisition 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 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) 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.

(iii) Impairment of property, plant and equipment and intangible assets

As a not-for-profit with no cash generating units, the agency 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.

(iv) 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%).

(v) 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.

CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

Notes to and Forming Part of the Financial Statements For the year ended 30 June 2009

(vi) 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.

(vii) 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 (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 agency's intangible assets, the assets are carried at cost less any accumulated amortisation.

(viii) 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 immaterial.

(ix) 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.

Notes to and Forming Part of the Financial Statements
For the year ended 30 June 2009

(x) 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.

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.

(h) Liabilities

(i) 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.

(ii) Employee Benefits and Other Provisions

(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.

**Notes to and Forming Part of the Financial Statements
For the year ended 30 June 2009**

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 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".

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 09/04) 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.

(c) 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.

**Notes to and Forming Part of the Financial Statements
For the year ended 30 June 2009**

(i) 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).

(j) 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.

(k) 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 2009 reporting periods. The following new Accounting Standards have not yet been adopted and are not yet effective:

- AASB 101, AASB 2007-8 and AASB 2007-10 "Presentation of Financial Statements", and
- AASB 2009-2 "Financial Instrument Disclosures".

It is considered that the adoption of these Standards in future periods will have no material financial impact on the financial statements of the Chief Investigator of the Office of Transport Safety Investigations.

CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

Notes to and Forming Part of the Financial Statements
For the year ended 30 June 2009

	2009 \$'000	2008 \$'000
2. Expenses excluding losses		
(a) Employee related expenses <i>comprise the following specific items:</i>		
Salaries (including recreation leave)	1,304	1,268
Superannuation – defined benefits plan	36	31
Superannuation – defined contribution plan	69	100
Long service leave	51	47
Workers' compensation insurance	9	8
Payroll Tax and Fringe Benefit Tax	90	94
Redundancies	131	-
	1,690	1,548
(b) Other operating expenses		
Accommodation		
Operating lease rental expense – minimum lease payments	251	243
Other property costs	12	17
External services		
Contractors	86	118
Legal services	5	-
Audit fees – financial statements	11	11
Motor vehicle running expenses		
Operating minimum lease rentals	18	17
Other motor vehicle expenses	51	50
Staff recruitment and training costs	27	42
Administration		
Printing and stationery	5	7
Telephones	15	29
Travel	30	13
Others	19	24
	530	571
<p>The agency's maintenance expenses are immaterial and do not include related employee expenses.</p>		
(c) Depreciation and amortisation		
Plant and equipment	23	23
Leasehold Improvements	125	124
Intangible assets	6	6
	154	153

CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

Notes to and Forming Part of the Financial Statements For the year ended 30 June 2009

	2009 \$'000	2008 \$'000
3. Revenues		
(a) Sale of services		
Rendering of services	4	1
	4	1
(b) Investment revenue		
Interest on bank balance	8	14
	8	14
4. Appropriations		
Recurrent appropriations		
Total recurrent drawdowns from Treasury (per Summary of Compliance)	2,090	2,018
Less: Liability to Consolidated Fund (per Summary of Compliance)	-	-
Recurrent appropriations (per Operating Statement)	2,090	2,018
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	36	31
Long service leave	51	47
Payroll tax on superannuation (Note 18)	2	2
	89	80

6. Service Group Information

The agency has one service group namely:

Service group 12.1 – 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 agency has only one service group, details of the agency'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 operating statement and balance sheet.

CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

Notes to and Forming Part of the Financial Statements For the year ended 30 June 2009

	2009 \$'000	2008 \$'000
7. Cash and Cash Equivalents		
Cash at bank and on hand	163	218
	<u>163</u>	<u>218</u>

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)	163	218
Closing cash and cash equivalents (per Cash Flow Statement)	<u>163</u>	<u>218</u>

8. Receivables

Goods and Services Tax – recoverable	8	19
Investment revenue receivable	2	7
Prepayments	12	7
	<u>22</u>	<u>33</u>

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

9. Property, Plant & Equipment

Leasehold Improvements	622	622
Accumulated depreciation	373	248
Carrying amount at fair value	<u>249</u>	<u>374</u>
Plant and equipment	113	113
Accumulated depreciation	67	44
Carrying amount at fair value	<u>46</u>	<u>69</u>
Total property, plant and equipment	735	735
Accumulated depreciation	440	292
Carrying amount at fair value	<u>295</u>	<u>443</u>

Reconciliation of the carrying amounts by asset class at the beginning and end of the current reporting period is set out 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 2009**

	Leasehold Improvements	Plant & Equipment	Total
	\$'000	\$'000	\$'000
Carrying amount 1 July 2008	374	69	443
Depreciation expense	125	23	148
Carrying amount 30 June 2009	249	46	295
Carrying amount 1 July 2007	498	92	590
Depreciation expense	124	23	147
Carrying amount 30 June 2008	374	69	443

	2009 \$'000	2008 \$'000
10. Intangible Assets		
Computer systems		
At amortised cost	32	32
Accumulated amortisation	14	8
Carrying amount at fair value	18	24
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	24	30
Amortisation expense	6	6
Carrying amount at fair value	18	24
11. Payables		
Creditors	18	8
Accruals		
Salaries and on-costs	11	9
Others	25	53
	54	70
12. Provisions		
Current Liabilities		
Recreation leave	140	162
Employee on-costs	17	16
	157	178
Aggregate employee benefits and related on-costs		
Recreation leave	140	162
Employee on-costs & accrued salaries	28	25
	168	187

CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

Notes to and Forming Part of the Financial Statements For the year ended 30 June 2009

	2009 \$'000	2008 \$'000
13. Changes in Equity		
Balance at the beginning of the financial period	470	629
(Deficit)/Surplus for the year	(183)	(159)
Balance at the end of the financial period	287	470

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	435
Not later than one year	87	87
Later than one year but not later than five years	348	348
Later than five years	-	-
Total (including GST)	435	435

(c) Operating Lease Commitments

Future non-cancellable operating lease

Rentals not provided for and payable:	1,925	1,685
Not later than one year	385	346
Later than one year but not later than five years	1,540	1,339
Later than five years	-	-
Total (including GST)	1,925	1,685

The agency leases its motor vehicles and office accommodation. Input tax on all commitments estimated at \$215K (2008 - \$193K) 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.

CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

Notes to and Forming Part of the Financial Statements For the year ended 30 June 2009

16. Budget Review

Net Cost of Services

The net cost of services for the year ended 30 June 2009 was \$2.362m which compares favourably to the budget of \$2.378m.

- **Employee related expenses** at \$1.690m were higher than the budget of \$1.580m due to payment of voluntary redundancy to one officer (\$131k). This payment was funded out of savings (\$95k) in protected legal fees with the balance funded out of the agency's cash reserves.
- **Other operating expenses** amounted to \$530k compared to the budget of \$660k, an under-expenditure of \$130k principally due to savings in legal services which were used to partially fund voluntary redundancy. Funding for legal services is protected and is draw-down as required.

The deficit for the year of \$183k is slightly higher than the budget. The year's deficit is attributed to the depreciation and amortisation (\$154k) and that portion of the voluntary redundancy (\$36k) which was funded by the agency.

Assets and Liabilities

The balance sheet comprises the following principal assets and liabilities:

- **Cash** of \$163k was lower than the budget of \$195K due to the payment of voluntary redundancy.
- **Receivables** comprise mainly GST, interest receivable, and prepaid insurance at balance date. Receivables are lower due mainly to reduced claims on the Australian Taxation Office for GST in June 2009 compared to June 2008.
- **Property, plant and equipment:** The agency did not acquire any new assets in 2008-09.
- At \$211k **payables and provisions** were lower than the budget due to reduction in employee provisions following the retirement of some staff and the payment of previous year's creditors in the current year.

17. Reconciliation of Cash Flows from Operating Activities to Net Cost of Services as reported in the Operating Statement

	2009 \$'000	2008 \$'000
Net Cash outflows from operating activities	(55)	(26)
Cash flows from Government/Appropriations	(2,090)	(2,018)
Acceptance by the Crown Entity of employee benefits and other liabilities	(89)	(80)
Depreciation and amortisation	(154)	(153)
Decrease/(Increase) in receivables	(10)	9
Increase(Decrease) in creditors & accruals	17	3
Decrease/(Increase) in provisions	19	8
Net Cost of Services	(2,362)	(2,257)

CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

Notes to and Forming Part of the Financial Statements For the year ended 30 June 2009

18. Non-Cash Financing and Investing Activities

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

	2009 \$'000	2008 \$'000
Employees' entitlements and liabilities Assumed by the Crown Entity (Note 5)	89	80
	89	80

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.

(a) Financial Instruments categories

	Note	Category	Carrying amount 2009 \$'000	Carrying amount 2008 \$'000
Financial Assets Class				
Cash and cash equivalents	7	N/A	163	218
Receivables	8	Loans and receivables (at amortised cost)	2	7
Financial Liabilities Class				
Payables	11	Financial liabilities (at amortised cost)	54	70

Notes to and Forming Part of the Financial Statements
For the year ended 30 June 2009

(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.

(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 and capital 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.

CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

Notes to and Forming Part of the Financial Statements For the year ended 30 June 2009

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	
	2009	2008	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%	%
Financial Assets								
Cash	163	218	-	-	163	218	4.38	5.60
Receivables		-	2	7	2	7	-	-
Total	163	218	2	7	165	225		
Financial Liabilities								
Payable	-	-	54	70	54	70	-	-
	-	-	54	70	54	70		

20. After Balance Date Events

There were no significant events after balance date which impacted on these financial statements.

End of Audited Financial Statements

Payment of Accounts

Table:1 Aged analysis at the end of each quarter					
	Current (Within due date)	Less than 30 days	Between 30 days and 60 days overdue	Between 60 days and 90 days overdue	More than 90 days
Quarter	\$000	\$000	\$000	\$000	\$000
September	-				
December	10				
March	7				
June	17				

Time for Payments of Accounts

Table :2 Amounts paid on time within each quarter				
			Total accounts paid on time	Total Payments
Quarter	Target%	Actual%	\$'000	\$'000
September	100	98.7%	471	477
December	100	99.5%	648	651
March	100	97.6%	567	581
June	100	97.3%	499	<u>513</u>
Total				<u>2,222</u>

Freedom of Information

There were no applications made under the FOI legislation in 2008/2009.

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 2008/2009. In addition, OTSI has engaged NSW Transport and Infrastructure to provide all its Information Technology services and therefore participates in the NSWTI disaster recovery processes.

Privacy Management Plan

OTSI has completed a Privacy Management Plan and lodged a copy with PrivacyNSW. 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 issues for OTSI were raised by the Auditor General during 2008-2009.

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 2008 – 09.

Human Resources of OTSI 2008 - 09

OTSI is an agency with a total staffing of 10 as at the 30 June 2009. 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 & safety and accident forensics.

2008/2009 Staffing:

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

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
< \$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	2	1	1	0	0	0	0	0
\$84,738 - \$105,923	2	2	0	0	0	0	0	0
> \$105,923 (non SES)	5	5	0	0	0	0	0	0
> \$105,923 (SES)	1	1	0	0	0	0	0	0
TOTAL	10	9	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	0	0	0	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	2	2	0	0	0	0	0	0
>\$101,849 (non SES)	5	5	0	0	0	0	1	1
>\$101,849 (SES)	1	1	0	0	0	0	0	0
TOTAL	10	9	1	0	0	0	1	1

Performance & Number of Executive Officers			
Number of SES Officers			
SES Level	No of SES Officers (total) 2008	No of SES Officers (total) 2009	No of Female staff in SES 2009
5	1	1	0
Total	1	1	0

Name: Paul O'Sullivan

Title: Chief Investigator, Office of Transport Safety Investigations

Remuneration: \$259,850

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 357 "72 hour" incident reports from rail, bus and ferry operators as a follow-up to notified accidents and incidents;
- responded to and initiated six OTSI investigations into serious rail, bus and ferry accidents and incidents, and completed eight other investigations.
- reviewed 33 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 eight OTSI investigation reports to the Minister for Transport for tabling in Parliament;
- received 16 reports through the Confidential Safety Information Reporting Scheme and notified the findings of those investigations 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.

Trends in the Representation of EEO Groups

EEO Group	% of Total Staff				
	Benchmark or Target	2006	2007	2008	2009
Women	50%	9%	17%	8%	10%
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%	

ETHNIC AFFAIRS PRIORITIES STATEMENT (EAPS) 2008 - 2011

OTSI is familiar with, and subscribes to, EAPS as a measure of agency performance where the needs of culturally diverse clients are fully integrated into core business, which in turn results in quality service delivery within the framework of the Principles of Multiculturalism and social justice obligations.

Consultants

OTSI did not engage any consultants in the 2008/09 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 2008-2009.

Publications

Apart from the investigation reports that were tabled in Parliament, the only other OTSI publication that was released in 2008-09 was its Annual Report for 2007-08.

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

Officer	Date	Destination	Purpose
Paul O'Sullivan	April 2009	New Zealand	Attended the Australasian Railways Association's 2009 Rail and Safety Culture Conference in Wellington and conferred with the NZ Transport Accident Investigation Commission.
John Culleton	October 2008	Denver, Colorado, U.S.A.	Attended the US 18 th International Rail Safety Conference .Presented a paper on OTSI operations.

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.

Annual Report External Costs

The cost of printing and production of the annual report was \$757.

Contact Details

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Sydney NSW 2001

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Telephone: 02 9322 9200

Facsimile: 02 9322 9299

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