



Office of Transport Safety Investigations

ANNUAL REPORT

2015 - 2016





Office of Transport Safety Investigations

The Honourable Andrew Constance, MP
Minister for Transport and Infrastructure
52 Martin Place
SYDNEY NSW 2000

26 October 2016

Dear Minister

It is my pleasure to submit to you the 2015 – 2016 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 2015* and the *Public Finance and Audit Act 1983*.

Yours sincerely,

Mick Quinn
Chief Investigator

TABLE OF CONTENTS

Letter to Minister	1
Chief Investigator's Report	3
Charter	5
Aims and Objectives	5
Organisation	6
Operations	8
2015 – 16 in Review	8
Challenges 2016 – 2017	11
Governance and Management Systems	12
Management of OTSI Records	12
Stakeholder Engagement	12
Industry Participants	12
Industry Regulators	13
OTSI in the Global Transport Safety Environment	13
Financial Summary Overview	14
Annual Financial Statement	16
Independent Auditor's Report	39
Payment of Accounts for Goods and Services	41
Reporting obligations under the <i>Government Information Public Access Act 2009</i> (GIPA)	42
Reporting obligations under the <i>Public Interest Disclosures Act 1994</i>	42
Risk Management	42
Principal Legislation	43
Credit Card Certification	43
Response to Significant Issues Raised by the Auditor-General	43
Significant Committees	43
Grants to Non-Government Organisations	43
Major Works in Progress	43
Human Resources	43
Senior Executive Reporting	44
Trends in the Representation of Workforce Diversity Groups	45
Workforce Diversity	45
Consultants	46
Land Disposal	46
List of Major Assets	46
Economic or Other Factors	46
Publications	46
Work Health and Safety	46
Overseas Travel	46
Internal Audit and Risk Management Attestation	46
Digital Information Security Policy Attestation	47
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.
- Cooperated with the Australian Transport Safety Bureau (ATSB) in keeping with the terms of the Collaboration Agreement which came into effect on 20 January 2013. Under the agreed terms, OTSI conducts railway accident and incident investigations in accordance with the provisions of the *Transport Safety Investigation Act 2003* (Cth) on behalf of the ATSB as the national rail safety investigator.
- Maintained its currency and capability as a multi-modal transport accident investigator through the application of contemporary investigative practices and liaison with other investigative jurisdictions, to improve its incident response procedures, investigation management and report presentation.
- Supported the investigating officers in completing the formal training modules 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. To date four OTSI investigators have been awarded the Diploma.
- Initiated investigations into 23 incidents (seven ferry, seven bus and nine rail) accidents and incidents. Seven of the rail investigations were initiated under the *Transport Safety Investigation Act 2003* (Cth) on behalf of the ATSB in accordance with the Collaboration Agreement. This is a significant increase on the 2014-15 period.
- Completed investigations into two of those accidents, together with nine accident investigations carried forward from 2014-2015.
- In accordance with the Passenger Transport Act 1990 (NSW), the reports into seven of those accidents and incidents have been tabled in Parliament and are publicly available on the OTSI website. The other four were completed on behalf of the ATSB and published on their website to which there is a link from 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 State agencies 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.

A handwritten signature in black ink, appearing to read 'Mick Quinn', followed by a period.

Mick Quinn
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 *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 a balanced approach to all investigations.

While the Chief Investigator OTSI reports to the Minister for Transport and Infrastructure, 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 2015, the Minister for Transport and Infrastructure did request the Chief Investigator to initiate one investigation.

In this eleventh 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 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.

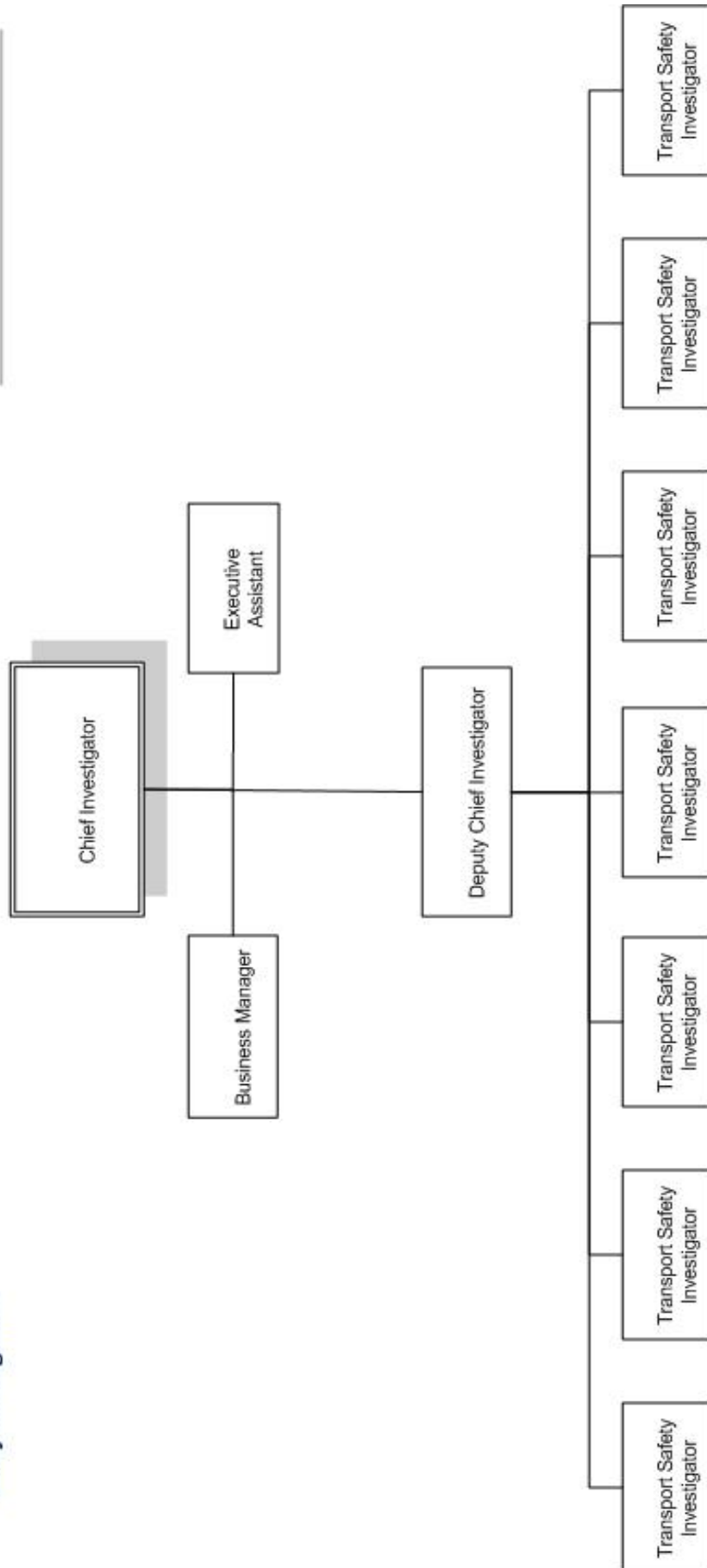
- ◆ Production of Transport Safety Investigation Reports which are tabled in Parliament by the Minister for Transport and Infrastructure and published on the OTSI website for operator, industry and public utilisation.
- ◆ Provision and management of a Confidential Safety Information Reporting Scheme (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.

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

- ◆ A 24 hour on call Duty Officer to whom NSW bus and ferry operators and regulators report the occurrence of accidents and incidents. Notifications of serious (Category A) rail accidents and incidents are provided to OTSI by the ATSB in accordance with the provisions of the *Rail Safety National Law (NSW)*, and the Collaboration Agreement.
- ◆ 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. During 2015-16 two staff retired from the organisation and were replaced. One of these staff members was the Deputy Chief Investigator. 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 *Passenger Transport Act 1990* and the terms of the Collaboration Agreement with the ATSB.
- ◆ Conducted investigations into rail, bus and ferry accidents and incidents involving fatalities, serious injury and significant damage to determine contributory factors and recommend preventative remedial safety action to improve transport safety.
- ◆ Conducted 'systemic' investigations into organisational, operational, cultural and other deficiencies that are identified in the course of investigations or through analysis of accident and incident notifications.
- ◆ 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 CSIRS.
- ◆ Conducted analysis of transport accidents and incidents in Australia and abroad to identify safety trends.

2015 – 16 in Review

During the year, OTSI received 679 notifications of incidents and accidents which fell within the category of "Notifiable Occurrences" as described in the *Acts, Regulations* and established reporting protocols. Of these, 109 were rail notifications provided by the ATSB in accordance with the *Rail Safety National Law* and the terms of the Collaboration Agreement. Additional information was sought in relation to 166 incident reports (53 rail, 94 bus, and 19 ferry) to assist in the process of determining what investigative action was warranted. OTSI investigators deployed to incident sites on 37 occasions (13 rail, 13 bus, and 11 ferry) to conduct preliminary investigations. The following investigations were initiated and undertaken by OTSI in the reporting period:

Rail

- | | |
|----------------|--|
| ◆ 28 Aug 2015: | A coal train derailed at Pangela* |
| ◆ 17 Sep 2015 | An investigation into the management of the Hawkesbury River Rail Bridge |
| ◆ 17 Dec 2015 | A Sydney Trains passenger train derailed at Hornsby* |

- ◆ 19 Jan 2016 A freight train derailed at Denman*
- ◆ 4 Apr 2016 A locomotive fire on at Cardiff*
- ◆ 6 Apr 2016 A coupler failure between wagons at Parkville*
- ◆ 21 Apr 2016 A collision between a car and a freight train at Moorland level collision
- ◆ 15 May 2016 A runaway tram collided with another tram at Loftus*
- ◆ 17 Jun 2016 A trackworker fatality at Clyde*

* Investigated under the *Transport Safety Investigation Act 2003 (Cth)* on behalf of the ATSB.

Bus

- ◆ 3 Feb 2016 Bus driver struck and fatality injured by roll away bus at Hurstville
- ◆ 17 Mar 2016 Oil spill from an STA bus at from North Sydney to Mosman
- ◆ 18 Mar 2016 Bus loss of control descending Tambourine Mountain
- ◆ 18 Mar 2016 School bus rollover at Brocklesbury
- ◆ 28 Apr 2016 Bus fire on an STA bus at Dudley
- ◆ 5 May 2016 Bus fire on an STA bus on the Sydney Harbour Bridge
- ◆ 19 May 2016 Unplanned bus door opening, school student fell from moving bus

Ferry

- ◆ 10 Jan 2016 Loss of control, *Rocks Rhythm Boat* ferry, Port Jackson
- ◆ 5 May 2016 *Ocean Rider* ferry experienced loss of control, Sydney Harbour
- ◆ 8 May 2016 Engine room fire on the *Fantasea Spirit*, Kissing Point, Port Jackson
- ◆ 28 May 2016 Loss of control, *Ocean Rider* ferry, Sydney Cove, Port Jackson
- ◆ 9 Jun 2016 A control failure occurred on the *Ocean Wave*, Manly Cove, Port Jackson
- ◆ 24 Jun 2016 Loss of control, *Freshwater* ferry, Sydney Cove, Port Jackson
- ◆ 26 Jun 2016 Ferry *Lady Heron* collided with the back board at Circular Quay, Port Jackson

In all OTSI dealt with 36 investigations during the reporting period, 23 initiated in 2015-2016 and 13 from previous years. Of the 23 investigations initiated in 2015-2016, two were completed within the reporting period, together with another nine which were in progress from previous years.

Seven investigations were completed under NSW State legislation. The reports of these investigations were submitted to the Minister of Transport and Infrastructure, tabled in Parliament and published on the OTSI website on the dates indicated:

Rail

- ◆ 31 Jan 2014 A passenger and a freight train derailed at Currabubula, published 14 July 2015
- ◆ 2 Aug 2014 A safeworking incident occurred at Flemington, published 11 January 2016
- ◆ 17 Sep 2015 An investigation into the management of the Hawkesbury River rail bridge, published 23 May 2016

Bus

- ◆ 2015 Bus Fires in NSW Summary Report, published 8 February 2016
- ◆ 1 April 2015 A bus fire on an STA bus at Mosman, published 13 August 2015
- ◆ 19 May 2015 A bus fire on an STA bus at Ashfield, published 23 July 2015

Ferry

- ◆ 1 Mar 2015 The sinking of MV Venture at Cabarita, published 24 August 2015

Four investigations undertaken on behalf of the ATSB under Commonwealth legislation were in progress from 2013-2014 and 2014-2015. The reports were published on the ATSB website on the dates shown with links from the OTSI website:

- ◆ 15 Jan 2014 A passenger train derailed at Edgecliff, published 3 December 2015
- ◆ 24 Nov 2014 A safeworking incident occurred at Warnervale, published 17 September 2015
- ◆ 12 Mar 2015 A passenger train travelled in the wrong running direction at Mt Druitt, published 29 January 2016
- ◆ 28 Aug 2015 A coal train derailed at Pangela, published 30 June 2016

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

- ◆ Received 165 rail, bus and ferry reports requested from operators and completed its review of 161 of those investigations, checking the adequacy of the investigations, their findings and safety recommendations.
- ◆ Received 16 confidential reports (11 Rail, 3 Bus and 2 Ferry) from transport employees through the Confidential Safety Information Reporting Scheme (CSIRS) and finalised all of those cases with formal notification of the results of the investigations being provided to the reporters. Four outcome reports, selected from the CSIRS reports, were published to the OTSI website:
 - ◆ 13 Feb 2016 Phoenix Train Order System, published March 2016
 - ◆ 2 Mar 2016 Bus door problems, published April 2016
 - ◆ 3 Mar 2016 Bus issue regarding Opal Ticketing and Thoreb Electronic Systems, published May 2016
 - ◆ 15 Jul 2015 Condition of rail bridge at Leppington

Challenges 2016 – 2017

Although much has been achieved in its first 11 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:

- ◆ In 2015 - 16 the number of investigations initiated increased by 100%. Introduce new OTSI processes and procedures to continue to improve its response triggers to achieve further efficiencies and effectiveness.
- ◆ Invest in OTSI's people and enhance operational capability through programs of continuing professional development, education and training.
- ◆ Continue to undertake rail safety investigations to the standard agreed in the Collaboration Agreement with the Australian Transport Safety Bureau within the framework of the National Rail Safety Investigation Framework.
- ◆ Continue to measure and benchmark OTSI's performance against national and international best 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.
- ◆ Engage with industry to enhance the safety of operations, whilst maintaining the OTSI's independent statutory authority status.

- ◆ 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. In the case of rail safety investigations undertaken under the *Transport Safety Investigation Act 2003 (Cth)* on behalf of the ATSB, the investigation system prescribed by the ATSB is adhered to, and the completed report is submitted to the Chief Commissioner of the ATSB for approval and release.

Industry Regulators

OTSI maintains a close working relationship with all the Regulators involved in Public Transport services in NSW. OTSI maintains a sound, cooperative working relationship with the NSW Branch of the Office of National Rail Safety Regulation and with NSW Roads and Maritime Services as the State's Bus and Ferry 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 and Infrastructure.

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. 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 TRAFFIC		
608,358 Page views		
Month	Pages	Visits
July 2015	21,645	7,205
Aug 2015	21,011	6,419
Sep 2015	19,149	5,909
Oct 2015	19,922	6,225
Nov 2015	19,896	6,752
Dec 2015	19,574	7,477
Jan 2016	17,510	6,529
Feb 2016	65,945	6,910
Mar 2016	99,881	6,270
Apr 2016	97,785	5,143
May 2016	101,715	5,984
Jun 2016	104,325	7,286
Totals	608,358	78,109

Financial Summary Overview

In 2015 -16, OTSI received grants and contributions of \$2.4mil. OTSI had minor revenue consisting of investment revenue and reimbursements.

The net result showed a deficit \$94,000. 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

Annual Financial Statements

For the year ended 30 June 2016

TABLE OF CONTENTS

Statement by the Chief Investigator	18
Statement of comprehensive income	19
Statement of financial position	20
Statement of changes in equity	21
Statement of cash flows	22
1. Summary of significant accounting policies	23
2. Expenses excluding losses	30
3. Revenues	31
4. Service group information	31
5. Cash and cash equivalents	31
6. Receivables	32
7. Non-current assets - property, plant and equipment	32
8. Payables	33
9. Provisions	33
10. Commitments for expenditure	34
11. Contingent liabilities and contingent assets	34
12. Budget review	34
13. Reconciliation of cash flows from operating activities to net result	34
14. Non-cash financing and investing activities	35
15. Financial instruments	35
16. After balance date events	38

Chief Investigator of the Office of Transport Safety Investigations
Statement by the Chief Investigator
for the year ended 30 June 2016

Pursuant to section 41C (1B) and (1C) (b) of the *Public Finance and Audit Act 1983* and clause 7 of the *Public Finance and Audit Regulation 2015*, 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 Audit Regulation 2015; 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.



Michael Quinn
Chief Investigator

Date: 26 September 2016

Chief Investigator of the Office of Transport Safety Investigations
Statement of comprehensive income
for the year ended 30 June 2016

		Actual 2016 \$'000	Budget 2016 \$'000	Actual 2015 \$'000
	Notes			
Expenses excluding losses				
Operating expenses				
Employee related	2(a)	2,063	1,863	1,731
Other operating expenses	2(b)	576	752	563
Depreciation and amortisation	2(c)	18	20	19
Total expenses excluding losses		2,657	2,635	2,313
Revenue				
Rendering of services	3(a)	-	1	1
Investment revenue	3(b)	-	-	8
Grants and contributions	3(c)	2,437	2,437	2,323
Acceptance by the Crown Entity of employee benefits and other liabilities	3(d)	126	101	105
Total revenue		2,563	2,539	2,437
Net result		(94)	(96)	124
Other comprehensive income		-	-	-
Total other comprehensive income		-	-	-
Total comprehensive income		(94)	(96)	124

The accompanying notes form part of these financial statements.

Chief Investigator of the Office of Transport Safety Investigations
Statement of financial position
for the year ended 30 June 2016

	Notes	Actual 2016 \$'000	Budget 2016 \$'000	Actual 2015 \$'000
ASSETS				
Current assets				
Cash and cash equivalents	5	48	60	218
Receivables	6	65	76	15
Total current assets		113	136	233
Non-current assets				
Property, plant and equipment				
Leasehold improvements	7(a)	5	5	11
Plant and equipment	7(a)	41	40	31
Total property, plant and equipment		46	45	42
Total non-current assets		46	45	42
Total assets		159	181	275
LIABILITIES				
Current liabilities				
Payables	8	57	79	101
Provisions	9	409	429	300
Total current liabilities		466	508	401
Non-current liabilities				
Provisions	9	-	89	87
Total non-current liabilities		-	89	87
Total liabilities		466	597	488
Net assets		(307)	(416)	(213)
EQUITY				
Accumulated funds		(307)	(416)	(213)
Total equity		(307)	(416)	(213)

The accompanying notes form part of these financial statements.

Chief Investigator of the Office of Transport Safety Investigations
Statement of changes in equity
for the year ended 30 June 2016

	Accumulated funds \$'000	Total \$'000
Balance at 1 July 2015	(213)	(213)
Net result for the year	(94)	(94)
Other comprehensive income	-	-
Total other comprehensive income	-	-
Total comprehensive income for the year	(94)	(94)
Balance at 30 June 2016	(307)	(307)
Balance at 1 July 2014	(337)	(337)
Net result for the year	124	124
Other comprehensive income	-	-
Total other comprehensive income	-	-
Total comprehensive income for the year	124	124
Balance at 30 June 2015	(213)	(213)

The accompanying notes form part of these financial statements.

Chief Investigator of the Office of Transport Safety Investigations
Statement of cash flows
for the year ended 30 June 2016

	Notes	Actual 2016 \$'000	Budget 2016 \$'000	Actual 2015 \$'000
Cash flows from operating activities				
Payments				
Employee related		(1,909)	(1,641)	(1,654)
Other operating expenses		(687)	(830)	(597)
Total payments		(2,596)	(2,471)	(2,251)
Receipts				
Sale of goods and services		-	1	1
Interest received		4	2	8
Grants and contributions		2,437	2,437	2,323
Other		7	9	121
Total receipts		2,448	2,449	2,453
Net cash from operating activities	13	(148)	(22)	202
Cash flows from investing activities				
Purchases of property, plant and equipment		(22)	(20)	(15)
Net cash from/(used in) investing activities		(22)	(20)	(15)
Net increase in cash		(170)	(42)	187
Opening cash and cash equivalents		218	102	31
Closing cash and cash equivalents	5	48	60	218

The accompanying notes form part of these financial statements.

Chief Investigator of the Office of Transport Safety Investigations

Notes to the financial statements

for the year ended 30 June 2016

1. Summary of significant accounting policies

(a) Reporting entity

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 *Transport Administration Act 1988* and the *Passenger Transport Act 1990*.

The Office also collaborates with the Australian Transport Safety Bureau (Commonwealth) in undertaking rail safety investigations under the 'Collaboration Agreement for Rail Safety Investigations and Other Matters'.

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 the date the accompanying Statement was signed.

(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 *Public Finance and Audit Regulation 2015*; and
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

Property, plant and equipment are measured at fair value. Other financial report 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;
- the Office is a budget dependent agency receiving grants from Transport for NSW to fund cash flows and their cash projections indicate that the Office will pay its debts as and when they fall due; and
- Transport for NSW has issued a letter of comfort to the Office to ensure its ongoing financial viability for at least 12 months from the date the accompanying audit report was signed.

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.

1. Summary of significant accounting policies (cont'd)

(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 claims experience.

(e) Accounting for the 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 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 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 are normally obtained upon the receipt of cash.

(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.

1. Summary of significant accounting policies (cont'd)

(g) Assets (cont'd)

(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.

(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) Restoration costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability. A corresponding provision for make good is also recognised at inception of the lease.

(vii) 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.

(viii) 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.

(ix) 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.

1. Summary of significant accounting policies (cont'd)

(g) Assets (cont'd)

(ix) Intangible assets (cont'd)

The useful lives of intangible assets are assessed to be finite (refer to note (g) (v) 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.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to the recoverable amount and the reduction is recognised as an impairment loss.

(x) 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.

(xi) 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.

(xii) 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, transferred 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.

1. Summary of significant accounting policies (cont'd)

(h) Liabilities (cont'd)

(ii) Employee benefits and other provisions

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

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 *Employee Benefits* (although short-cut methods are permitted). Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave liability (using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The Office has assessed the actuarial advice based on the entity's circumstances and has determined that the effect of discounting is immaterial to 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 15/09) 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) Consequential on-costs

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

1. Summary of significant accounting policies (cont'd)

(h) Liabilities (cont'd)

(ii) Employee benefits and other provisions (cont'd)

(d) 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) Fair value hierarchy

A number of the Office's accounting policies and disclosures require the measurement of fair values for financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, the Office categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- Level 1 - quoted prices in active markets for identical assets / liabilities that the entity can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3 – inputs that are not based on observable market data (unobservable inputs).

The Office recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Refer to Note 15 for further disclosures regarding fair value measurements of financial assets.

(j) Equity

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

(k) Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect to the reporting period. Major variances between the original budgeted amounts and the actual amounts disclosed in the primary financial statements is explained in Note 12. Any amendments made to the original budget are not reflected in the budgeted amount, but included in the explanation of material variance in Note 12.

(l) 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.

Chief Investigator of the Office of Transport Safety Investigations
Notes to the financial statements
for the year ended 30 June 2016

1. Summary of significant accounting policies (cont'd)

(m) Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2015-16

The accounting policies applied in 2015-16 are consistent with those of the previous financial year.

(ii) Issued but not yet effective

At reporting date all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board ("the AASB") that are relevant to operations and effective for the current annual reporting period have been adopted.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted for the financial reporting period ended 30 June 2016.

AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities extends the scope of AASB 124 Related Party Disclosure to include not-for-profit public sector entities. It is expected that the first time adopt of AASB 2015-6 for the year ending 30 June 2017 will not impact on the transactions and balances recognised in the primary financial statement, though there will be significant additional disclosures in the notes to the financial statements.

The impact of these standards in the period of initial application will not be significant.

Standard	Applicable to annual reporting periods beginning on or after
AASB 9 Financial Instruments, AASB 2010-7, AASB 2014-7 and AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9	1 January 2018
AASB 15 Revenue from Contracts with Customers, AASB 2014-5 and AASB 2015-8 Amendments to Australian Accounting Standards arising from AASB 15	1 January 2018
AASB 16 Leases	1 January 2019
AASB 2014-4 regarding acceptable methods of depreciation and amortisation - Amendments to AASB 116 and AASB 138	1 January 2016
AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle	1 January 2016
AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	1 January 2016
AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities	1 July 2016
AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107	1 January 2017

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

2. Expenses excluding losses

(a) Employee related expenses comprise the following specific items:

	2016	2015
	\$'000	\$'000
Salaries (including recreation leave)	1,718	1,469
Superannuation - defined benefits plan	45	7
Superannuation - defined contribution plan	136	110
Long service leave	79	97
Workers' compensation insurance	5	5
Payroll tax	80	43
	2,063	1,731

(b) Other operating expenses

Operating lease rental expense - minimum lease payments	348	315
Other property costs	8	40
Contractors	31	83
Auditor's remuneration - audit of financial statements	14	14
Other computer costs	13	29
MV fleet hire and leasing charges	39	34
Office expenses	62	11
Communications	19	15
Travel expenses	16	10
Other expenses	26	12
	576	563

(c) Depreciation and amortisation

Leasehold improvements (Note 7)	6	6
Plant and equipment (Note 7)	12	13
	18	19

Chief Investigator of the Office of Transport Safety Investigations
Notes to the financial statements
for the year ended 30 June 2016

3. Revenues

(a) Rendering of services

	2016 \$'000	2015 \$'000
Rendering of services	-	1
	-	1

(b) Investment revenue

Interest on bank balance	-	8
	-	8

The office did not receive any interest in 2016 (2015: \$8k) as interest on working capital balances are now paid and retained by NSW Treasury in accordance with the Treasury Banking System policy.

(c) Grants and contributions

Grant from Transport for NSW	2,437	2,323
	2,437	2,323

(d) Acceptance by the Crown Entity of employee and other liabilities

The following liabilities and/or expenses have been assumed by the Crown Entity:

Superannuation	45	7
Long service leave	79	97
Payroll tax on superannuation	2	1
	126	105

4. Service group information

The Office has one service group namely:

Investigation and Risk Mitigation Analysis

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

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.

5. Cash and cash equivalents

	2016 \$'000	2015 \$'000
Cash at bank and on hand	48	218
	48	218

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)	48	218
Closing cash and cash equivalents (per statement of cash flows)	48	218

Chief Investigator of the Office of Transport Safety Investigations
Notes to the financial statements
for the year ended 30 June 2016

6. Receivables

	2016	2015
	\$'000	\$'000
Goods and Services Tax - recoverable	8	11
Investment revenue receivable	-	4
Other receivables	21	-
Prepayments	36	-
	65	15

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

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 15.

7. Non-current assets - property, plant and equipment

(a) Property, plant and equipment

	2016	2015
	\$'000	\$'000
Leasehold improvements	694	694
Less: Accumulated depreciation	(689)	(683)
Carrying amount at fair value	5	11
Plant and equipment	183	162
Less: Accumulated depreciation	(142)	(131)
Carrying amount at fair value	41	31
Total property, plant and equipment	877	856
Accumulated depreciation	(831)	(814)
Carrying amount at fair value	46	42

Reconciliation

Reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below:

	Leasehold improvements	Plant and Equipment	Total
	\$'000	\$'000	\$'000
Year ended 30 June 2016			
Net carrying amount at 1 July 2015	11	31	42
Additions	-	22	22
Depreciation expense (Note 2(c))	(6)	(12)	(18)
Carrying amount at 30 June 2016	5	41	46

	Leasehold improvements	Plant and Equipment	Total
	\$'000	\$'000	\$'000
Year ended 30 June 2015			
Net carrying amount at 1 July 2014	17	29	46
Additions	-	15	15
Depreciation expense (Note 2(c))	(6)	(13)	(19)
Carrying amount at 30 June 2015	11	31	42

(b) The intangible assets were fully amortised with the gross value and accumulated amortisation of \$32k, the written down value was nil as at 30 June 2016 (2014-15: nil).

Chief Investigator of the Office of Transport Safety Investigations
Notes to the financial statements
for the year ended 30 June 2016

8. Payables

	2016	2015
	\$'000	\$'000
Creditors	39	5
Accruals		
Salaries and on-costs	6	41
Others	12	55
	57	101

Details regarding credit risk, liquidity risk and market risk are disclosed in Note 15.

9. Provisions

	2016	2015
	\$'000	\$'000
Current provisions		
Recreation leave	180	171
Employee oncosts	141	129
Make good provision	88	-
	409	300
Aggregate employee benefits and related on-costs		
Recreation leave	180	171
Employee oncosts and accrued salaries	147	170
	327	341
Non-current provisions		
Make good provision	-	87
	-	87

Movement in provisions (other than employee benefits)	Makegood	Total
2016	\$'000	\$'000
Carrying amount at the beginning of financial year	87	87
Unwinding / change in the discount rate	1	1
Carrying amount at end of financial year	88	88
2015		
Carrying amount at the beginning of financial year	87	87
Unwinding / change in the discount rate	-	-
Carrying amount at end of financial year	87	87

10. Commitments for expenditure

	2016 \$'000	2015 \$'000
(a) Operating lease commitments		
Aggregate other expenditure contracted for at balance date and not provided for:		
Not later than one year	321	380
Later than one year and not later than five years	23	343
Later than five years	-	-
Total (including GST)	344	723

The Office leases its motor vehicles and office accommodation. Input tax on all commitments estimated at \$31k (2015: \$66k) will be recouped from the Australian Taxation Office. The Office does not have any capital or other expenditure commitments at 30 June 2016 or 30 June 2015.

11. Contingent liabilities and contingent assets

(a) Contingent liabilities

The Office had no contingent liabilities as at 30 June 2016 (2015: nil).

(b) Contingent assets

The Office has no contingent assets as at 30 June 2016 (2015: nil).

12. Budget review

Net result

The net result for the year ended 30 June 2016 was an operating deficit of \$ 94k which presented a \$2k variation compared the budget.

Assets and liabilities

The statement of financial position comprises principal assets and liabilities. The major variations compared to the budget were:

- Actual provisions were \$108k lower than the budget due to better than expected lowering of employee recreation leave balances.

13. Reconciliation of cash flows from operating activities to net result

	2016 \$'000	2015 \$'000
Net cash used on operating activities	(148)	202
Depreciation and amortisation	(18)	(19)
Increase/(decrease) in receivables	50	(61)
Decrease/(increase) in payables	44	(25)
Decrease/(increase) in provisions	(22)	27
Net result	(94)	124

14. Non-cash financing and investing activities

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

	2016	2015
	\$'000	\$'000
Employees' entitlements and liabilities assumed by the Crown Entity (Note 3d)	126	105
	126	105

15. 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 instrument categories

Financial Assets	Note	Category	Carrying amount	Carrying amount
			2016	2015
			\$'000	\$'000
Class:				
Cash and cash equivalents	5	N/A	48	218
Receivables	6	Loans and receivables (at amortised cost)	21	4

Financial Liabilities	Note	Category	Carrying amount	Carrying amount
			2016	2015
			\$'000	\$'000
Class:				
Payables	8	Financial liabilities (at amortised cost)	51	101

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 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.

Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System.

15. Financial instruments (cont'd)

(b) Credit risk (cont'd)

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 Office'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. It should be noted that Transport for NSW has issued a letter of comfort to the Office to ensure its ongoing financial viability.

15. Financial instruments (cont'd)

(c) Liquidity risk (cont'd)

The table below summarises the maturity profile of the reporting entity's financial liabilities, together with the interest rate exposure.

Maturity analysis and interest rate exposure of financial liabilities

			Interest rate exposure			Maturity dates		
			Fixed interest rate	Variable interest rate	Non-interest bearing	< 1 yr	1 -5 yrs	> 5 yrs
30 June 2016	Weighted average effective interest rate	Nominal amount \$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Payables	-	51	-	-	51	51	-	-
		51	-	-	51	51	-	-

			Interest rate exposure			Maturity dates		
			Fixed interest rate	Variable interest rate	Non-interest bearing	< 1 yr	1 -5 yrs	> 5 yrs
30 June 2015	Weighted average effective interest rate	Nominal amount \$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Payables	2.28	101	-	-	101	101	-	-
		101	-	-	101	101	-	-

Chief Investigator of the Office of Transport Safety Investigations
Notes to the financial statements
for the year ended 30 June 2016

15. Financial instruments (cont'd)

(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 does not earn interest on its bank balances per the Treasury Banking System policy.

The Office's exposure to interest rate risk is therefore not applicable.

Interest rate changes 2016		-1%		+1%	
	Carrying amount \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Financial assets					
Cash and cash equivalents	48	-	-	-	-
Receivables	21	-	-	-	-
Total	69	-	-	-	-
Financial liabilities					
Payables	51	-	-	-	-
Total	51	-	-	-	-

Interest rate changes 2015		-1%		+1%	
	Carrying amount \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Financial assets					
Cash and cash equivalents	218	-	-	-	-
Receivables	4	-	-	-	-
Total	222	-	-	-	-
Financial liabilities					
Payables	101	-	-	-	-
Total	101	-	-	-	-

The carrying values of the Office's financial instruments as set out in the table below are deemed to be equivalent to their fair value.

16. After balance date events

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

End of audited financial statements



INDEPENDENT AUDITOR'S REPORT

Chief Investigator of the Office of Transport Safety Investigations

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Chief Investigator of the Office of Transport Safety Investigations (the Office), which comprise the statement of financial position as at 30 June 2016, 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.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Office as at 30 June 2016, 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* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report.

I am independent of the Office in accordance with the auditor independence requirements of:

- Australian Auditing Standards
- ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (the Code).

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles 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.

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

The Chief Investigator's Responsibility for the Financial Statements

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

In preparing the financial statements, the Chief Investigator must assess the Office's ability to continue as a going concern unless the Office will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must include, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A further description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Office carried out its activities effectively, efficiently and economically
- 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.



Peter Barnes
Director, Financial Audit Services

27 September 2016
SYDNEY

Payment of Accounts for Goods and Services

Aged Analysis at the end of each quarter					
Quarter	Current (i.e. within due date) \$'000	Less than 30 days overdue \$'000	Between 30 and 60 days overdue \$'000	Between 61 and 90 days overdue \$'000	More than 90 days overdue \$'000
All Suppliers					
September	66	8	3	0	0
December	193	0	0	0	0
March	202	36	0	0	0
June	230	34	0	4	0
Small Business Suppliers					
September	0	0	0	0	0
December	2	0	0	0	0
March	2	0	0	0	0
June	0	0	0	0	0

Accounts due or paid within each quarter				
Measure	Sept	Dec	Mar	June
All Suppliers				
Number of accounts due for payment	35	66	53	48
Number of accounts paid on time	28	66	52	43
Actual percentage of accounts paid on time (based on number of accounts)	80.6%	100%	98.1%	89.6%
Dollar amount of accounts due for payment (\$'000)	66	193	202	230
Dollar amount of accounts paid on time (\$'000)	28	193	202	230
Actual percentage of accounts paid on time (based on \$)	42.5%	100%	100%	99.6%
Number of payments for interest on overdue accounts	0	0	0	0
Interest paid on overdue accounts	0	0	0	0
Small Business Suppliers				
Number of accounts due for payment	0	1	1	0
Number of accounts paid on time	0	1	1	0
Actual percentage of accounts paid on time (based on number of accounts)	0	100%	100%	0
Dollar amount of accounts due for payment (\$'000)	0	2	2	0
Dollar amount of accounts paid on time (\$'000)	0	2	2	0
Actual percentage of accounts paid on time (based on \$)	0	100%	100%	0
Number of payments for interest on overdue accounts	0	0	0	0
Interest paid on overdue accounts	0	0	0	0

Reporting obligations under the *Government Information Public Access Act 2009 (GIPA)*

Review of proactive release program - Clause 7(a)

Under section 7 of the GIPA Act, agencies must review their programs for the release of government information to identify the kinds of information that can be made publicly available.

OTSI has an ongoing and proactive process and communications function which regularly reviews information for public release through its website, publications and stakeholder events. Reviews during the year to its website reflect any changes within OTSI as well as aligning it with legislative changes under the GIPA Act.

Number of access applications received - Clause 7(b)

During the reporting period, OTSI received no formal access applications.

Number of refused applications for Schedule 1 information - Clause 7(c)

OTSI did not refuse, either wholly or partly, any access applications for the reason that it addressed information referred to in Schedule 1 of the Act (information for which there is conclusive presumption of overriding public interest against disclosure).

Reporting obligations under the *Public Interest Disclosures Act 1994*

OTSI is required to report under the amended *Public Interest Disclosures Act 1994* (section 31)

July 2015 - June 2016	
Number of public officials who made Public Interest Disclosures (PIDs)	0
Number of PIDs received	0
Of PIDs received, number primarily about:	
<input type="checkbox"/> Corrupt conduct	0
<input type="checkbox"/> Maladministration	0
<input type="checkbox"/> Serious and substantial waste	0
<input type="checkbox"/> Government information contravention	0
<input type="checkbox"/> Local government pecuniary interest contravention	0
Number of PIDs finalised	0

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 2015/2016

OTSI has regular reviews of its corporate risk management policies and conducts an annual review of its risk register.

Principal Legislation

OTSI exercises functions under the:

- ◆ *Transport Administration Act 1988;*
- ◆ *Passenger Transport Act 1990;*
- ◆ *Rail Safety Act(Adoption of National Law) 2012,*
- ◆ *Marine Safety Act 1998 and*
- ◆ *Regulations made under those Acts.*

Credit Card Certification

The Chief Investigator has certified that the use of credit cards is in accordance with the NSW Treasury Direction 205.01.

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 has a credit card policy in use and all expenditure on the cards is subject to monthly reconciliation and authorisation procedures by the cardholder and the Authorising Manager..

Response to Significant Issues Raised by the Auditor-General

No significant issues for OTSI were raised by the Auditor General during 2015 – 2016.

Significant Committees

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

Grants to Non-Government Organisations

There were no grants to non-government organisations.

Legal changes

There were no changes in the Acts and subordinate legislation.

Major Works in Progress

There were no major works undertaken by OTSI in 2015 – 16.

Human Resources

OTSI is an agency with a total staffing of 12 as at 30 June 2016. 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.

2015 - 2016 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
< \$51,197		0	0	0	0	0	0	0
\$51,197 - \$58,752		0	0	0	0	0	0	0
\$58,752 - \$67,423		0	0	0	0	0	0	0
\$67,423 - \$77,462		0	0	0	0	0	0	0
\$77,462- \$88,781		0	0	0	0	0	0	0
\$88,781-\$101,876	1	0	1	0	0	0	0	0
\$101,876 - \$116,905	0	0	0	0	0	0	0	0
\$116,905 - \$138,923	8	8	0	0	0	0	0	0
> \$138,923(SE)	3	3	0	0	0	0	0	0
TOTAL	12	11	1					

Senior Executive Reporting

Band	2016		2015
	Female	Male	Male
Band 2 (Chief Investigator)		1	1
Band 1 (Deputy Chief Investigator)		2	1
Total	3		2

Band	Range \$	Average remuneration 2016 \$	Average remuneration 2015 \$
Band 2	248,851 --313,050	286,962	85,000
Band 1	174,500 – 248,850	143,410	205,000

Chief Investigator (Band 2) employed on 1 August 2015.

New Deputy Chief Investigator (Band 1) employed on 1 February 2016.

Trends in the Representation of Workforce Diversity Groups

EEO Group	% of Total Staff				
	Benchmark or Target	2013	2014	2015	2016
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%				

Workforce Diversity

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 *The Multicultural NSW Act 2000* (the Act).

In line with these principles OTSI continued with the following activities during 2015 – 16:

- 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 2015 - 16 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.

Research and Development

No research and development activities undertaken in 2015-2016

Economic or Other Factors

There were no economic or other factors affecting OTSI's operational objectives in 2015-2016.

Publications

Apart from the investigation reports that were tabled in Parliament, the only other OTSI publication that was released in 2015 -16 was its Annual Report for 2014 -15.

Work Health and Safety

In conformity with the *Work Health and Safety Act 2011*, OTSI operates its OHS Consultative Committee at full staff meeting. 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

No overseas travel undertaken by OTSI employees.

Consumer Response

One complaint was received and resolved by the Chief Investigator.

Internal Audit and Risk Management Policy

OTSI has an internal auditor that provides management with independent and objective advice to improve the agency operations. Reports on internal audits conducted are provided to management and the Audit Office of NSW.

- In May 2016, OTSI was granted an exemption from the requirements of TPP 15-03 -Internal Audit and Risk Management Policy)

Digital Information Security Policy Attestation

As required under the NSW Government policy on Digital Information Security, the Chief Executive provides the following attestation of compliance with the policy.

Digital Information Security Annual Attestation Statement for the 2015 - 2016 Financial Year for the Office of Transport Safety Investigations

I, Michael Quinn am of the opinion that the Office of Transport Safety Investigations had an Information Security Management System in place during the 2015-2016 financial year that is consistent with the Core Requirements set out in the Digital Information Security Policy for the NSW Public Sector.

The security controls in place to mitigate identified risks to the digital information and digital information systems of Office of Transport Safety Investigations are adequate for the foreseeable future.

Annual Report Costs

The cost of printing and production of the annual report was \$40.

Contact Details

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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