



Office of Transport Safety Investigations

ANNUAL REPORT

2017 - 2018





Office of Transport Safety Investigations

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

24 October 2018

Dear Minister

It is my pleasure to submit to you the 2017 – 2018 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
2017 – 2018 in Review	8
OTSI Annual Statistics	9
Challenges 2017 – 2018	15
Governance and Management Systems	15
Management of OTSI Records	16
Industry Participants	16
Industry Regulators	17
OTSI in the Global Transport Safety Environment	17
Financial Summary Overview	17
Annual Financial Statement	18
Independent Auditor's Report	42
Payment of Accounts for Goods and Services	44
Reporting obligations under the <i>Government Information Public Access Act 2009</i> (GIPA)	45
Reporting obligations under the <i>Public Interest Disclosures Act 1994</i>	45
Risk Management and Insurance activities	45
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	46
Legal changes	46
Major Works in Progress	46
Human Resources	46
Senior Executive Reporting	48
Trends in the Representation of Workforce Diversity Groups	48
Multicultural Policies and Service Program	48
Consultants	49
Land Disposal	49
List of Major Assets	49
Research and Development	49
Economic or Other Factors	49
Publications	49
Work Health and Safety	50
Overseas Travel	50
Consumer Response	50
Internal Audit and Risk Management Policy	50
Digital Information Security Policy Attestation	50

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, the Office of Transport Safety Investigations (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 selected 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.
- Initiated investigations into 11 accidents and incidents (three bus, three ferry and five rail). Three 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.
- In accordance with the *Passenger Transport Act 1990* (NSW), the reports into three accidents and incidents have been tabled in Parliament and are publicly available on the OTSI website.
- OTSI saw benefit by sharing lessons learned from our investigations directly with operators, regulators and other agencies through industry forums and inter-agency committees. This led to significant change in safety practices.
- During 2017-2018, OTSI's introduced response triggers to incidents and accidents has aided the scoping of investigations. Additionally, as a small agency, this has assisted in OTSI's resource management.
- In 2017-2018, the Chief Investigator initiated an investigation at the request of the Minister for Transport and Infrastructure.

OTSI has received considerable support from many departments, authorities, offices and organisations throughout the year. This support has greatly assisted OTSI to perform its various functions. I'm most grateful for that support and assistance. Most importantly, OTSI 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 OTSI 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 OTSI 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 of OTSI is accountable 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 this 14th year of independent operations, considerable emphasis has been placed on ensuring that OTSI's operations contribute directly to the improvement of transport safety.

Aims and Objectives

OTSI contributes to the safe operation of public transport and rail freight services in NSW 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, OTSI has established and provides the following services and functions:

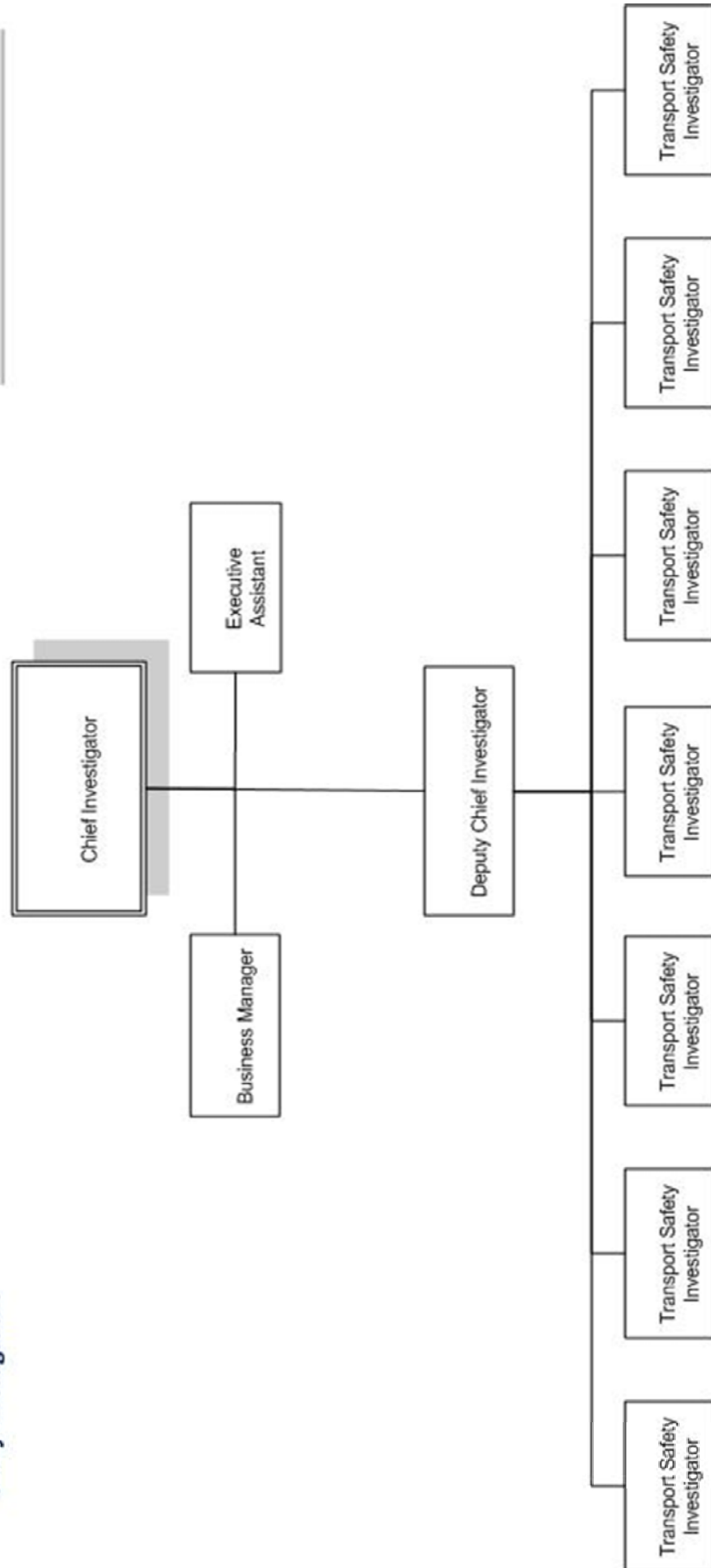
- ◆ A 24 hour on call duty officer to whom NSW bus and ferry operators and regulators report the occurrence of accidents and incidents. Notifications of serious (Category A) rail accidents and incidents are provided to OTSI by the ATSB in accordance with the provisions of the *Rail Safety National Law (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 nine investigators which includes the Chief Investigator and the Deputy Chief Investigator, supported by a small administrative team. OTSI turned over two staff members during 2017 - 2018. The Chief Investigator and the Deputy Chief Investigator deployed and investigated several incidents and accidents during this period. The organisation of OTSI 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 investigations into factors related to organisation, operations, technology, infrastructure, human-machine interface, communications, human performance and other system deficiencies.
- ◆ OTSI built and applied contemporary safety risk management models to communicate the findings from our investigations to stakeholders.
- ◆ 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.
- ◆ Engage with industry bodies to facilitate transport safety improvements.
- ◆ Provide regular face to face briefings with the Minister's Office.

2017 – 2018 in Review

During the year, OTSI received 741 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, 555 were bus, 46 were ferry and 140 were rail notifications. Additional requests for information were made by OTSI in relation to 212 incident reports (131 bus, 22 ferry and 59 rail) to assist in the process of determining what investigative action was warranted. OTSI investigators deployed to incident sites on 16 occasions (5 bus, 7 ferry and 4 rail) to conduct preliminary investigations. The following investigations were initiated and undertaken by OTSI in the reporting period:

OTSI ANNUAL STATISTICS
1 JULY 2017 – 30 JUNE 2018

INCIDENTS REPORTS RECEIVED BY THE DUTY OFFICER	TOTAL
Rail	140
Bus	555
Ferry	46
TOTAL	741

INVESTIGATIONS INITIATED

Incident date	Description	Date Initiated
31-Jul-17	Tempe track worker near miss	01-Aug-17
27-July-17	Broken Bay grounding of <i>Fantasea 8 Seasons</i>	01-Sep-17
13-Sep-17	<i>Ocean Wave</i> collision with Manly Wharf	29-Sep-17
01-Oct-17	ATSB Narwonah grain train derailment	01-Oct-17
16-Oct-17	Thornton bus fire	18-Oct-17
27-Nov-17	Surry Hills Bus fire	28-Nov-17
12-Dec-17	ATSB Fractured bogie Kooragang	15-Dec-17
04-Jan-18	Circular Quay <i>Freshwater</i> wharf collision	16-Jan-18
22-Jan-18	ATSB Richmond buffer stop collision	22-Jan-18
14-Apr-18	Holsworthy passenger train near bushfire	14-Apr-18
07-Jun-18	Transit Systems trainer fatality Prairiewood	15-Jun-18

INVESTIGATIONS PUBLISHED

Incident date	Description	Date Published
01-Jan-14	Sydney Harbour close quarters systemic	29-Sep-17
17-Mar-16	North Sydney bus oil spill	16-Oct-17
22-May-14	ATSB Kilbride safeworking	17-Jan-18
04-Apr-16	ATSB Cardiff NR8 locomotive fire	18-Jan-18
05-May-16	Bus Fire Sydney Harbour Bridge	05-Feb-18
2017	Bus Fires in NSW in 2017	08-Mar-18
22-Jan-18	ATSB Preliminary report Richmond Buffer stop collision	09-Mar-18
10-Feb-15	ATSB Kankool derailment	06-Apr-18
06-Apr-18	ATSB Parkville Grain train parting & derailment	04-Jun-18

OTSI ANNUAL STATISTICS
1 JULY 2017 – 30 JUNE 2018 (continued)

CONFIDENTIAL REPORTS RECEIVED

Report date	Description
16-Aug-17	Long end leading operations at Port Waratah
28-Aug-17	Over hours rostering by a rail freight operator
13-Sep-17	Locomotive fuel loading and non-disclosure to RIM
20-Oct-17	Clyde safeworking conflict ASB and LPA
27-Oct-17	Emu Plains bus driver entered restricted area
28-Apr-18	Shunting while guard still conducting check
04-Jun-18	Lack of safety apparatus on locomotives
19-Jun-18	Non reporting of train collision at Kooragang

CONFIDENTIAL REPORTS PUBLISHED

Report date	Description
	NIL

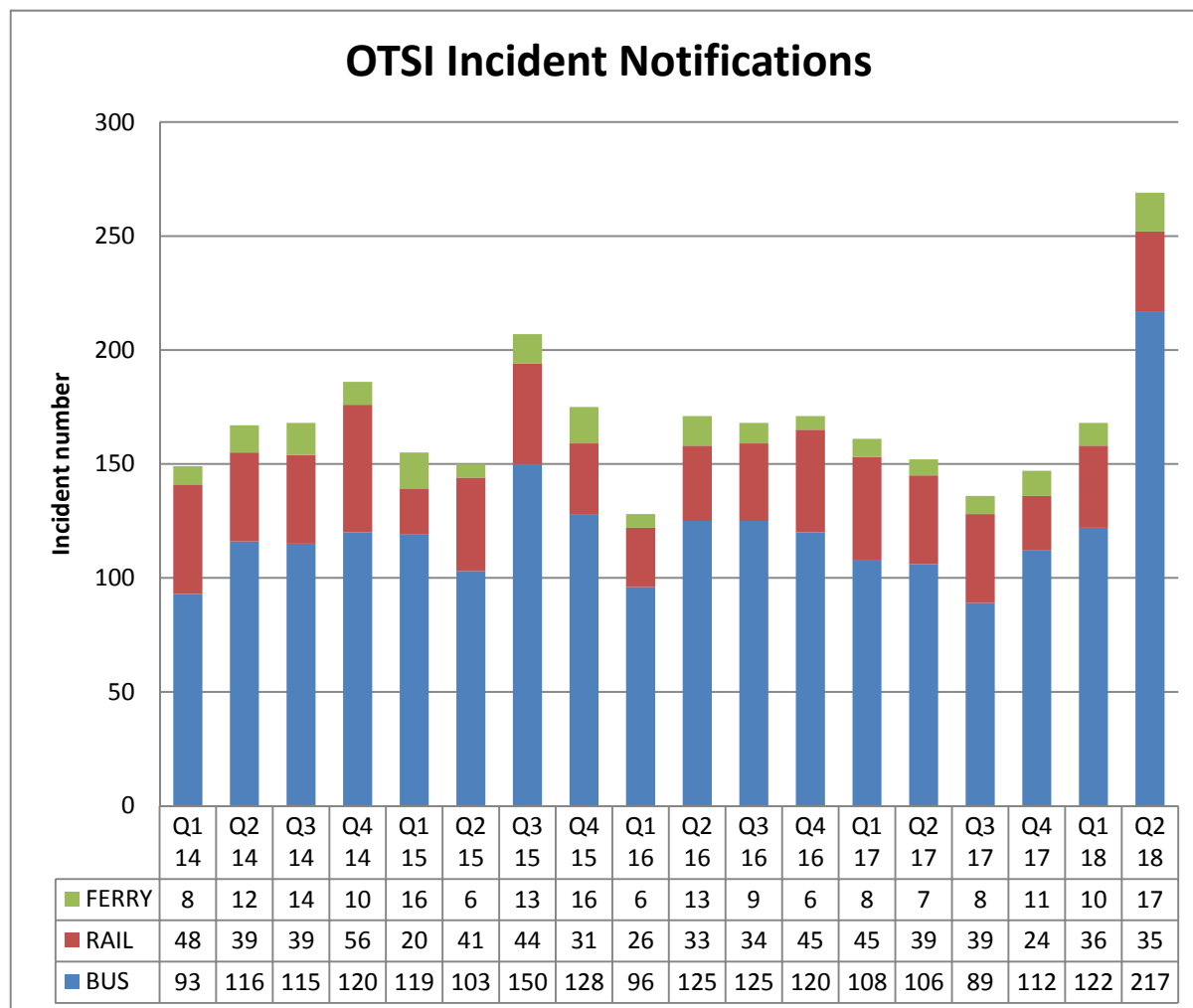
DEPLOYMENT

Incident date	Description	Date Deployed
22-Jul-17	Jindabyne coach fire	24-Jul-17
26-July-17	Broken Bay grounding of <i>Fantasea 8 Seasons</i>	31-Jul-17
13-Sep-17	<i>Ocean Wave</i> collided with Manly Wharf	13-Sep-17
01-Oct-17	Narwonah grain train derailment	01-Oct-17
12-Oct-17	Circular Quay wharf collision <i>Shane Gould</i>	12-Oct-17
16-Oct-17	Thornton bus fire	16-Oct-17
27-Nov-17	Surry Hills Bus fire	28-Nov-17
05-Dec-17	Circular Quay wharf collision <i>Ocean Rider</i>	05-Dec-17
04-Jan-18	Circular Quay <i>Freshwater</i> wharf collision	04-Jan-18
19-Jan-18	Menangle freight train pulled apart	19-Jan-18
22-Jan-18	Richmond buffer stop collision	22-Jan-18
07-Feb-18	St Leonards wheelchair passenger fell alighting from bus	07-Feb-18
28-Feb-18	Balmain wharf collision <i>Emerald 6</i>	28-Feb-18
07-Mar-18	Lawson passenger train electrical fire	07-Mar-18
07-Jun-18	Transit Systems trainer fatality Prairiewood	07-Jun-18
21-Jun-18	Captain Cook Cruise <i>Alice</i> collision with yacht	22-Jun-18

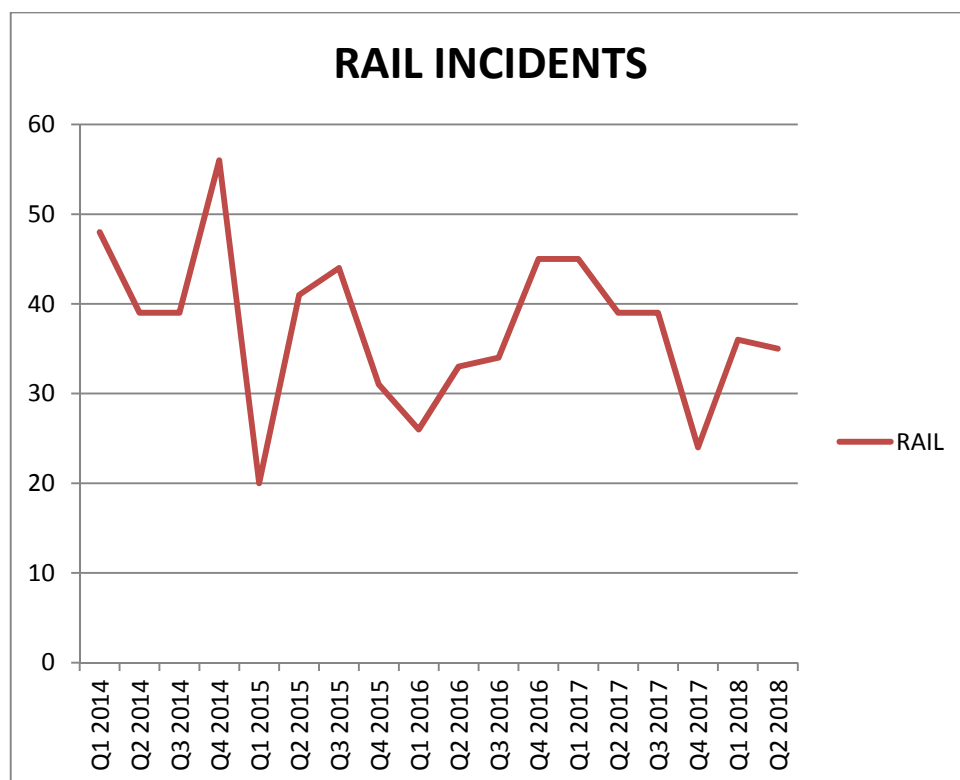
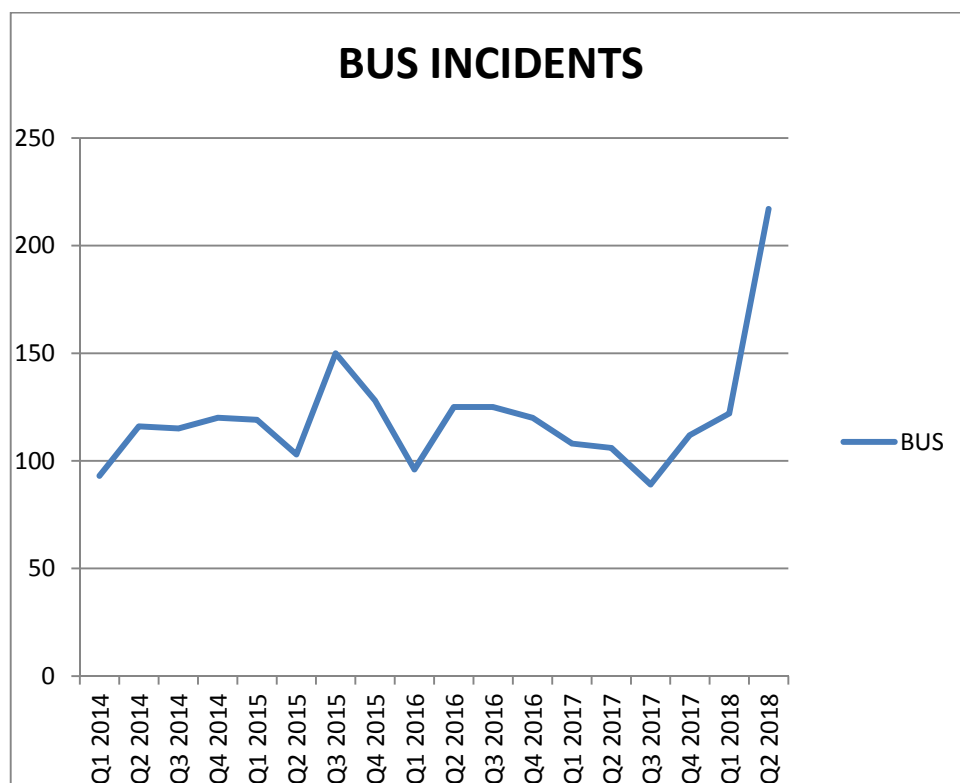
OTSI ANNUAL STATISTICS
1 JULY 2017 – 30 JUNE 2018 (continued)

INVESTIGATIONS ONGOING		
Incident date	Description	Mode
17-Dec-15	ATSB Hornsby derailment	Rail
19-Jan-16	ATSB Denman derailment	Rail
15-May-16	ATSB Loftus Runaway Tram	Rail
28-May-16	Fort Denison <i>Ocean Rider</i> control loss	Ferry
18-Jun-16	ATSB Clyde Track worker fatality	Rail
26-Jun-16	Circular Quay <i>Lady Heron</i> collision with back board	Ferry
1-Jul-16	Cammeray bus collision with pedestrians	Bus
12-Oct-16	Circular Quay <i>SuperCat 4</i> wharf collision	Ferry
02-Dec-16	Muswellbrook train fire	Rail
04-Dec-16	Mascot two buses destroyed by fire	Bus
08-Feb-17	Homebush bus fire	Bus
06-Mar-17	Sawyers Gully bus fire	Bus
20-Mar-17	Burwood electrical explosion	Rail
22-Apr-17	ATSB Dombarton loss of control of freight train	Rail
26-Apr-17	Rocky Point school child fatality	Bus
8-May-17	Holbrook bus fire	Bus
25-May-17	Islington Junction near miss two maintenance trains	Rail
9-Jun-17	Campbelltown runaway bus	Bus
28-Jun-17	Oatley uncontrolled movement	Bus
30-Jun-17	Valley Heights bus fire	Bus
26-Jul-17	Broken Bay grounding of <i>Fantasea 8 Seasons</i>	Ferry
31-Jul-17	Tempe track worker near miss	Rail
13-Sep-17	Manly Wharf <i>Ocean Wave</i> collision	Ferry
01-Oct-17	ATSB Narwonah grain train derailment	Rail
16-Oct-17	Thornton bus fire	Bus
27-Nov-17	Surry Hills bus fire	Bus
17-Dec-17	ATSB Fractured bogie Kooragang	Rail
04-Jan-2018	Circular Quay <i>Freshwater</i> wharf collision	Ferry
22-Jan-18	ATSB Richmond buffer stop collision	Rail
7-Jun-18	Transit Systems trainer fatality Prairiewood	Bus
14-Apr-18	Holsworthy passenger train near bushfire	Rail

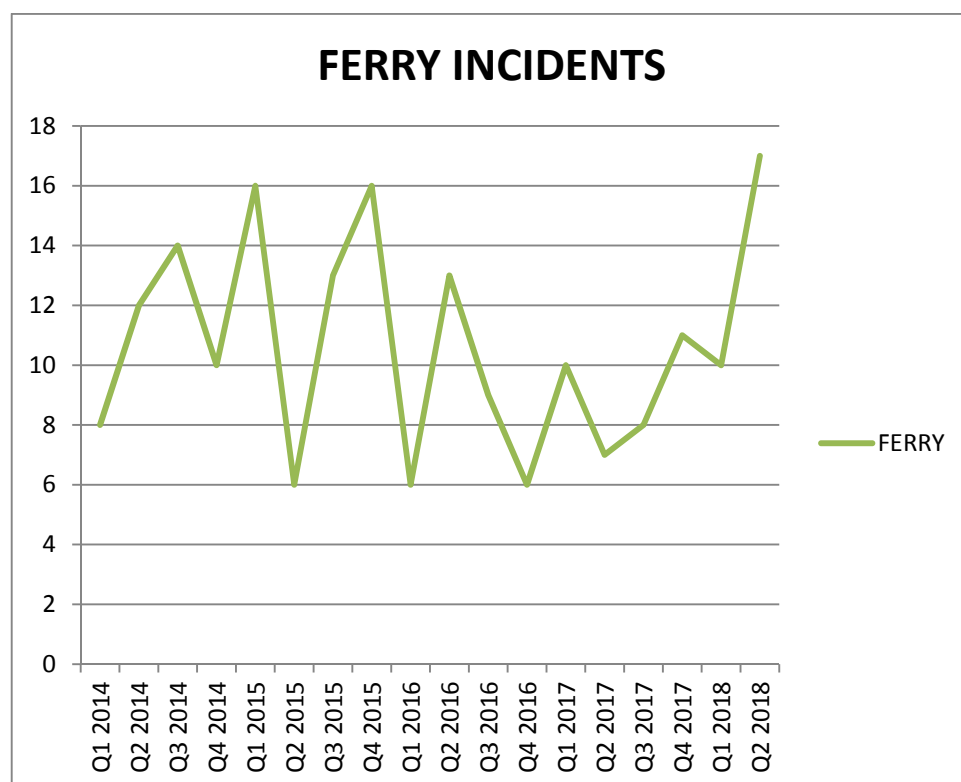
OTSI ANNUAL STATISTICS
1 JULY 2017 – 30 JUNE 2018 (continued)



OTSI ANNUAL STATISTICS
1 JULY 2017 – 30 JUNE 2018 (continued)



OTSI ANNUAL STATISTICS
1 JULY 2017 – 30 JUNE 2018 (continued)



Challenges 2017 – 2018

Although much has been achieved in its first 14 years of independent operation, there are important challenges which OTSI continues to confront, and seeks to resolve in the year ahead. Some of those challenges include the following:

- ◆ In 2017 - 2018 OTSI maintained its investigation capability during a period of staff turnover. This is likely to continue with the significant increase in transport services across all modes from the end of 2018.
- ◆ Further refine and apply new OTSI processes and procedures to continue to improve its response triggers to achieve further efficiencies and effectiveness.
- ◆ Continue to undertake rail safety investigations and maintain our investigation standards. This includes the agreed requirements in the Collaboration Agreement with the ATSB.
- ◆ 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.
- ◆ Understand new technologies introduced by industry such as autonomous vehicles, modern control systems and fire suppression systems.
- ◆ Train new staff and maintain investigator training and competency to match an ever changing transport landscape.
- ◆ Migrate over to the Objective records management system which is broadly used across NSW government agencies.
- ◆ Development of a new OTSI website to provide improved stakeholder engagement.

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 or accident. Additionally, determine whether the occurrence warrants OTSI to deploy and whether OTSI will investigate. Following deployment a decision is made by the Chief Investigator or Deputy Chief Investigator on the scope of the investigation. OTSI 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 may provide feedback through a DIP meeting with the stakeholder.

The final report is then compiled and submitted to the Minister for Transport and Infrastructure 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. The Chief Investigator and Deputy Chief Investigator have 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; 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 contributory factors and prevention around the world.

Financial Summary Overview

In 2017 - 18, OTSI received grants and contributions of \$2.8M. OTSI had minor revenue consisting of investment revenue and reimbursements.

The net result showed a deficit of \$34,000. OTSI continues to receive an assurance from Transport for NSW to fund any future fiscal needs to ensure that OTSI is operational.

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 2018

Table of contents

Statement by the Chief Investigator	20
Statement of comprehensive income	21
Statement of financial position	22
Statement of changes in equity	23
Statement of cash flows	24
1. Summary of significant accounting policies	25
2. Expenses excluding losses	27
3. Revenue	28
4. Program group information	28
5. Cash and cash equivalents	29
6. Receivables	29
7. Property, plant and equipment	30
8. Payables	32
9. Employee benefits	32
10. Equity	33
11. Commitments for expenditure	34
12. Contingent liabilities and contingent assets	34
13. Budget review	34
14. Reconciliation of cash flows from operating activities to net result	35
15. Non-cash financing and investing activities	35
16. Financial instruments	35
17. Related party disclosure	40
18. After balance date events	40

Chief Investigator of the Office of Transport Safety Investigations Statement by the Chief Investigator

for the year ended 30 June 2018

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 mandated by the Treasurer.
- (b) The financial report exhibits a true and fair view of the financial position as at 30 June 2018 and of its financial performance for the year ended 30 June 2018; 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: 17 September 2018

Chief Investigator of the Office of Transport Safety Investigations

Statement of comprehensive income

for the year ended 30 June 2018

	Notes	Actual 2018 \$'000	Budget 2018 \$'000	Actual 2017 \$'000
Expenses excluding losses				
Operating expenses				
Employee related expenses	2(a)	2,147	2,364	2,088
Other operating expenses	2(b)	694	609	508
Depreciation	2(c)	21	20	24
Total expenses excluding losses		2,862	2,993	2,620
Revenue				
Grants and contributions	3(a)	2,759	2,817	2,685
Acceptance by the Crown Entity of employee benefits and other liabilities	3(b)	69	172	187
Total revenue		2,828	2,989	2,872
Net result		(34)	(4)	252
Total other comprehensive income		-	-	-
Total comprehensive income		(34)	(4)	252

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 2018

	Notes	Actual 2018 \$'000	Budget 2018 \$'000	Actual 2017 \$'000
ASSETS				
Current assets				
Cash and cash equivalents	5	312	92	210
Receivables	6	20	68	55
Total current assets		332	160	265
Non-current assets				
Property, plant and equipment	7(b)	50	66	59
Total non-current assets		50	66	59
Total assets		382	226	324
LIABILITIES				
Current liabilities				
Payables	8	103	47	35
Employee benefits	9	368	359	344
Total current liabilities		471	406	379
Non-current liabilities				
Other provisions		-	88	-
Total non-current liabilities		-	88	-
Total liabilities		471	494	379
Net assets		(89)	(268)	(55)
EQUITY				
Accumulated funds		(89)	(268)	(55)
Total equity		(89)	(268)	(55)

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 2018

	Accumulated funds \$ '000	Total equity \$ '000
Balance at 1 July 2017	(55)	(55)
Net result for the year	(34)	(34)
Other comprehensive income		
Total comprehensive income for the year	(34)	(34)
Transactions with owners in their capacity as owners		
Balance at 30 June 2018	(89)	(89)
Balance at 1 July 2016	(307)	(307)
Net result for the year	252	252
Other comprehensive income		
Total comprehensive income for the year	252	252
Balance at 30 June 2017	(55)	(55)

Chief Investigator of the Office of Transport Safety Investigations

Statement of cash flows

for the year ended 30 June 2018

	Notes	Actual 2018 \$'000	Budget 2018 \$'000	Actual 2017 \$'000
Cash flows from operating activities				
Payments				
Employee related		(2,055)	(2,192)	(1,873)
Other		(652)	(669)	(678)
Total payments		(2,707)	(2,861)	(2,551)
Receipts				
Grants and contributions		2,759	2,817	2,685
Other		62	60	65
Total receipts		2,821	2,877	2,750
Net cash flows from operating activities	14	114	16	199
Cash flows from investing activities				
Purchase of property, plant and equipment		(12)	(20)	(37)
Net cash flows from investing activities		(12)	(20)	(37)
Net increase / (decrease) in cash		102	(4)	162
Opening cash and cash equivalents		210	96	48
Closing cash and cash equivalents	5	312	92	210

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 2018

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 NSW government entity and is controlled by the State of New South Wales, which is the ultimate parent. The Office is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units.

These financial statements for the year ended 30 June 2018 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 on an accrual basis and 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 mandated by the Treasurer.

Property, plant and equipment are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

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.

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, which is the Office's presentation and functional currency.

(c) Statement of compliance

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

(d) Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is presented 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 2018

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

(a) Accounting for the Goods and Services Tax (GST)

Income, 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 an asset's cost of acquisition 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 components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

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

(i) Effective for the first time in 2018

The accounting policies applied in 2018 are consistent with those of the previous financial year. The amendments to Australian Accounting Standards that are effective for the first time in 2018 had no significant impact on the financial statements.

(ii) New Australian Accounting Standards issued but not yet effective

Australian Accounting Standards and Interpretations that have been issued or revised but are not yet effective have not been early adopted in accordance with Treasury mandated policy.

The Office is currently undertaking a detailed assessment of the impact of the following standards:

- AASB 16 *Leases* will apply to annual reporting periods beginning on or after 1 January 2019. The standard introduces a new approach to lease accounting that requires a lessee to recognise assets and liabilities for the rights and obligations created by leases. The application of this standard is expected to have a significant transitional impact as a result of all leases, except those that are short term and low value, brought on balance sheet.
- AASB 15 *Revenue from Contracts with Customers*, including the amendments AASB 2014-5, AASB 2015-8, AASB 2016- 3, AASB 2016-7 and AASB 2016-8 will apply to annual reporting periods beginning on or after 1 January 2019. This standard is expected to impact the timing recognition of certain revenue given the core principle of the new standard requires revenue to be recognised when the goods or services are transferred to the customer at the transaction price (as opposed to stage of completion of the transaction). The model features a contract-based five-step analysis of transactions to determine revenue recognition.
- AASB 1058 *Income of Not-for-profit Entities* and AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities* will apply to annual reporting periods beginning on or after 1 January 2019. The introduction of AASB 1058 results in the amendment of AASB 1004 *Contributions* with many of its requirements being revised and relocated to AASB 1058. The initial application of this standard may defer the recognition of income in some circumstances.

The impact of the following standards in the period of initial application is not expected to be significant:

- AASB 9 *Financial Instruments* will apply to annual reporting periods beginning on or after 1 January 2018.
- AASB 1059 *Service Concession Arrangements: Grantors* will apply to annual reporting periods beginning on or after 1 January 2019.

Chief Investigator of the Office of Transport Safety Investigations

Notes to the financial statements

for the year ended 30 June 2018

2. Expenses excluding losses

(a) Employee related expenses

	2018 \$'000	2017 \$'000
Salaries and wages (including annual leave)	1,865	1,692
Superannuation - defined benefit plans	39	42
Superannuation - defined contribution plans	137	136
Long service leave	28	143
Workers' compensation insurance	5	5
Payroll tax and fringe benefit tax	73	70
Employee related expenses	2,147	2,088

(b) Other operating expenses

	2018 \$'000	2017 \$'000
Auditor's remuneration - audit of financial statements	14	14
Communications	22	20
Other property costs	16	6
Fleet hire and leasing charges including access fees	33	34
General expenses	24	30
Professional service fees	92	74
Office expenses	40	60
Operating lease rental expense	434	256
Travel expenses	19	14
Other operating expenses	694	508

Recognition and measurement

i. 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.

ii. 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.

iii. Operating leases

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the Statement of comprehensive income on a straight-line basis over the lease term.

(c) Depreciation

	Notes	2018 \$'000	2017 \$'000
Leasehold improvements		-	5
Plant and equipment		21	19
Depreciation	7(b)	21	24

Refer to Note 7 for recognition and measurement policies on depreciation.

Chief Investigator of the Office of Transport Safety Investigations
Notes to the financial statements
for the year ended 30 June 2018

3. Revenue

(a) Grants and contributions

	2018 \$'000	2017 \$'000
Grant from Transport for NSW	2,759	2,685
Grants and contributions	2,759	2,685

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

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

	2018 \$'000	2017 \$'000
Superannuation - defined benefit	39	42
Long service leave	28	143
Payroll tax on superannuation	2	2
Acceptance by the Crown Entity of employee benefits and other liabilities	69	187

Recognition and measurement

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

i. Grants and contributions

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 appropriations and contributions. Control over appropriations and contributions is normally obtained upon the receipt of cash.

ii. Rendering of services

Revenue from rendering of services is recognised when the service is provided or by reference to the stage of completion.

iii. Interest income

Interest income is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorted period, where appropriate, to the net carrying amount of the financial assets.

4. Program group information

The Office has one program group namely:

Program group – Safety and Regulation

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

As the Office has only one program group, details of the Office's expenses, income, assets and liabilities are not required to be produced in the program group statement as this information is already available in the Statement of comprehensive income and Statement of financial position.

Chief Investigator of the Office of Transport Safety Investigations

Notes to the financial statements

for the year ended 30 June 2018

5. Cash and cash equivalents

	2018 \$'000	2017 \$'000
Cash at bank and on hand	312	210
Cash and cash equivalents	312	210

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:

	2018 \$'000	2017 \$'000
Cash and cash equivalents (per Statement of financial position)	312	210
Closing cash and cash equivalents	312	210

Refer to Note 16 for details regarding credit risk and market risk arising from financial instruments.

6. Receivables

	2018 \$'000	2017 \$'000
Goods and Services Tax recoverable	9	11
Prepayments	-	36
Other receivables	11	8
Receivables	20	55

At balance date there was no need for an allowance for impairment of receivables (2017: no 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 16.

Recognition and measurement

i. Receivables

Receivables including prepayments are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are initially recognised at fair value plus any attributable transaction costs. 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.

ii. Impairment

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.

Chief Investigator of the Office of Transport Safety Investigations
Notes to the financial statements
for the year ended 30 June 2018

7. Property, plant and equipment

(a) Property, plant and equipment

	Leasehold improvements \$ '000	Plant and equipment \$ '000	Total \$ '000
At 30 June 2018			
At fair value - Gross carrying amount	622	125	747
Accumulated depreciation and impairment	(622)	(75)	(697)
Net carrying amount	-	50	50
At 30 June 2017			
At fair value - Gross carrying amount	622	220	842
Accumulated depreciation and impairment	(622)	(161)	(783)
Net carrying amount	-	59	59

(b) Reconciliation

	Notes	Plant and equipment \$ '000	Total \$ '000
Net carrying amount at start of year		59	59
Additions		12	12
Disposals		(107)	(107)
Depreciation expense	2(c)	(21)	(21)
Depreciation/amortisation write off for disposals		107	107
Net carrying amount at 30 June 2018		50	50

	Notes	Leasehold improvements \$ '000	Plant and equipment \$ '000	Total \$ '000
Net carrying amount at start of year		5	41	46
Additions		-	37	37
Disposals		(72)	-	(72)
Depreciation expense	2(c)	(5)	(19)	(24)
Depreciation/amortisation write off for disposals		72	-	72
Net carrying amount at 30 June 2017		-	59	59

Chief Investigator of the Office of Transport Safety Investigations

Notes to the financial statements

for the year ended 30 June 2018

7. Property, plant and equipment (cont'd)

Recognition and measurement

(i) Acquisition of assets

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

Assets acquired at no cost or for nominal consideration are initially recognised at their fair value at the date of acquisition. Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

(ii) Valuation of assets

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

(iii) Capitalisation threshold

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

(iv) 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.

(v) Impairment of property, plant and equipment

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.

(vi) Depreciation

Depreciation is 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 office furniture and equipment (20%) and computer equipment (20%).

(vii) Leased assets

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

(viii) Leasehold improvements

Leasehold improvements are measured at depreciated historical cost.

Chief Investigator of the Office of Transport Safety Investigations

Notes to the financial statements

for the year ended 30 June 2018

7. Property, plant and equipment (cont'd)

(ix) 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 Office 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.

8. Payables

	2018 \$'000	2017 \$'000
Creditors	24	15
Accrued expenses	75	20
Other creditors	4	-
Current payables	103	35

Accrued expenses include accrued salaries and oncosts of \$12k (2017: \$11k). Details regarding credit risk, liquidity risk and market risk are disclosed in Note 16.

Recognition and measurement

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.

9. Employee benefits

	2018 \$'000	2017 \$'000
Annual leave	276	194
Employee oncosts	92	150
Current employee benefits	368	344
Annual Leave	276	194
Employee oncosts and accrued salaries	104	161
Aggregate employee benefits and related on-costs	380	355

It is estimated that the provision for annual leave includes an amount of \$66.4k that is expected to be taken after 30 June 2019.

Chief Investigator of the Office of Transport Safety Investigations

Notes to the financial statements

for the year ended 30 June 2018

9. Employee benefits (cont'd)

Recognition and measurement

i. 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.

ii. 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 NSW Treasury Circular 15/09 *Accounting for Long Service Leave and Annual Leave*) to employees with 5 or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

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

iii. 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.

10. Equity

Recognition and measurement

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

Chief Investigator of the Office of Transport Safety Investigations

Notes to the financial statements

for the year ended 30 June 2018

11. Commitments for expenditure

	2018 \$'000	2017 \$'000
Operating lease commitments		
Future non-cancellable operating lease rentals not provided for and payable:		
Not later than one year	493	479
Later than one year and not later than five years	449	946
Total (including GST)	942	1,425

The Office leases its motor vehicles and office accommodation. Input tax on all commitments estimated at \$86k (2017: \$130k) will be recouped from the Australian Taxation Office. The Office does not have any capital or other expenditure commitments at 30 June 2018 or 30 June 2017.

12. Contingent liabilities and contingent assets

(a) Contingent liabilities

The Office had no contingent liabilities as at 30 June 2018 (2017: nil).

(b) Contingent assets

The Office has no contingent assets as at 30 June 2018 (2017: nil).

13. Budget review

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect to the reporting period. Subsequent amendments to the original budget are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the financial statements are explained below.

Net result

The net result for the year ended 30 June 2018 was an operating deficit of \$34k which reflects a \$30k variation compared to the budgeted operating deficit of \$4k. The variation is primarily due to an increase in operating expenses as a result of an increase in rental costs for office accommodation.

Assets and liabilities

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

- Actual payables were \$57k higher than the budget mainly due to the increase in rental costs accruals for office accommodation; and
- Actual other provisions were \$88k lower than the budget because there is no make good provision required under the new lease agreement entered into in May 2017. As a result the existing provision was reversed.

Chief Investigator of the Office of Transport Safety Investigations

Notes to the financial statements

for the year ended 30 June 2018

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

	2018 \$'000	2017 \$'000
Net cash inflows / (outflows) from operating activities	114	199
Depreciation and amortisation	(21)	(24)
(Decrease)/increase in receivables	(35)	(10)
(Increase)/decrease in payables	(68)	22
(Increase)/decrease in provisions and employee benefits	(24)	65
Reconciliation to net result	(34)	252

15. Non-cash financing and investing activities

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

	Notes	2018 \$'000	2017 \$'000
Employee entitlements and liabilities assumed by the Crown	3(b)	69	187
Non-cash financing activities		69	187
Non-cash financing and investing activities		69	187

16. Financial instruments

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

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

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

(a) Financial instrument categories

Note	Category	Carrying amount 2018 \$'000	Carrying amount 2017 \$'000
Financial assets			
Class:			
Cash and cash equivalents	5 N/A	312	210
Receivables	6 Loans and receivables (at amortised cost)	11	8
		323	218
Financial liabilities			
Class:			
Payables	8 Financial liabilities measured at amortised cost	97	35
		97	35

16. Financial instruments (cont'd)

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

Recognition and measurement

Derecognition of financial assets and financial liabilities

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

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

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

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

(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.

Receivables – other receivables

Other receivables include recoupment from NSW Treasury on employee benefits assumed by Crown.

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.

The Office is not materially exposed to credit risk as its debtors are minimal. At 30 June 2018, the Office had no receivables that were past due or 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.

Chief Investigator of the Office of Transport Safety Investigations

Notes to the financial statements

for the year ended 30 June 2018

16. Financial instruments (cont'd)

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 NSW Treasury Circular 11/12 *Payments of Accounts*. 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. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise.

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.

Chief Investigator of the Office of Transport Safety Investigations
Notes to the financial statements
for the year ended 30 June 2018

16. Financial instruments (cont'd)

Error! Reference source not found. **Liquidity risk (cont'd)**

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

	Weighted Average Effective Int. Rate (%)	Nominal amount \$ '000	Interest rate exposure			Maturity dates		
			Fixed Interest Rate \$ '000	Variable Interest Rate \$ '000	Non-interest bearing \$ '000	< 1 year \$ '000	1 - 5 years \$ '000	> 5 years \$ '000
2018								
Payables	-	97	-	-	97	97	-	-
2017								
Payables	-	35	-	-	35	35	-	-

Chief Investigator of the Office of Transport Safety Investigations

Notes to the financial statements

for the year ended 30 June 2018

16. 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.

2018	Carrying amount \$'000	Net result \$'000	-1% Equity \$'000	Net result \$'000	+1% Equity \$'000
Financial assets					
Cash and cash equivalents	312	-	-	-	-
Receivables	11	-	-	-	-
	323	-	-	-	-
Financial liabilities					
Payables	97	-	-	-	-
	97	-	-	-	-
2017	Carrying amount \$'000	Net result \$'000	-1% Equity \$'000	Net result \$'000	+1% Equity \$'000
Financial assets					
Cash and cash equivalents	210	-	-	-	-
Receivables	8	-	-	-	-
	218	-	-	-	-
Financial liabilities					
Payables	35	-	-	-	-
	35	-	-	-	-

The carrying values of the Office's financial instruments are deemed to be equivalent to their fair value.

Chief Investigator of the Office of Transport Safety Investigations
Notes to the financial statements
for the year ended 30 June 2018

17. Related party disclosure

(a) Key management personnel compensation

	2018	2017
	\$'000	\$'000
Short-term employee benefits	537	502
Post-employment benefits	40	39
Other long-term benefits	-	-
Termination benefits	-	-
	577	541

The above compensation excludes long service leave and defined benefit superannuation scheme benefits assumed by the Crown Entity in accordance with NSWTC 16-12 Related party disclosures.

(b) Transactions with government related entities during the financial year

During 2017-18, the Office received grants revenue from Transport for NSW and made property rental payments to Government Property NSW in the normal course of business.

In addition, with regard to staff employed by the Office:

- all long service leave and defined benefit superannuation scheme expenses were assumed by Crown;
- the Pooled Fund holds in trust the investment relating to the closed NSW public sector superannuation schemes; and
- all payroll taxes were paid to the Office of State Revenue.

18. 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 Comprehensive Income for the year ended 30 June 2018, the Statement of Financial Position as at 30 June 2018, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Statement 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 2018, 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 the standards are 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 requirements of the:

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

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament 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
- precluding the Auditor-General from providing non-audit services.

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

Other Information

Other information comprises the information included in the Office's annual report for the year ended 30 June 2018, other than the financial statements and my Independent Auditor's Report thereon. The Chief Investigator of the Office is responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by the Chief Investigator.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Chief Investigator's Responsibilities for the Financial Statements

The Chief Investigator is responsible for the preparation and fair presentation of the financial statements 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 and fair presentation of the financial statements that 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, disclosing as applicable, matters related to going concern and using the going concern basis of accounting except where the Office will be dissolved by an Act of Parliament or otherwise cease operations.

Auditor's Responsibilities 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 description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. 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
- about any other information which may have been hyperlinked to/from the financial statements.



Somaiya Ahmed
Director, Financial Audit Services

18 September 2018
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	1.3	0.2	0	0	0
December	1.3	0	0	0	0
March	0	1.5	1.5	17	0
June	4	5	0	0	15.5
Small Business Suppliers					
September	0	0	0	0	0
December	0	0	0	0	0
March	0	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	69	42	53	43
Number of accounts paid on time	69	42	52	43
Actual percentage of accounts paid on time (based on number of accounts)	100.00%	100.00%	98.11%	100.00%
Dollar amount of accounts due for payment (\$'000)	119	161	293	144
Dollar amount of accounts paid on time (\$'000)	119	161	290	144
Actual percentage of accounts paid on time (based on \$)	100.00%	100.00%	98.98%	100.00%
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	1	0	1	0
Number of accounts paid on time	1	0	1	0
Actual percentage of accounts paid on time (based on number of accounts)	100%	0%	100%	0%
Dollar amount of accounts due for payment (\$'000)	2	0	2	0
Dollar amount of accounts paid on time (\$'000)	2	0	2	0
Actual percentage of accounts paid on time (based on \$)	100%	0%	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*

The Public Interest Disclosure Act 1994, Section 31, requires each public authority to prepare an annual report on obligations under the Act. In accordance with Section 4 of the Public Interest Disclosures Regulation 2011, the following information is provided on public interest disclosures for the period 1 July 2017 to 30 June 2018.

July 2017 - June 2018	
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 and Insurance activities

OTSI has insurance cover for all major assets and significant risks through the NSW Government Self Insurance scheme. This includes full workers compensation, motor vehicle, property, public liability and miscellaneous insurance cover. No claims were lodged in relation to Workers Compensation or any of the other insurance policies held through the TMF by OTSI in 2017 - 2018.

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

OTSI credit card policies and procedures outline conditions for eligibility, usage and management of corporate cards. These are consistent with NSW Government policy as outlined in relevant Treasury circulars and Treasury Directions. 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 2017 – 2018.

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 2017 – 18.

Human Resources

As at 30 June 2018, OTSI had a total headcount of 12 full time employees with one retiring employee on leave entitlements.

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.

2017 - 2018 Staffing:

The following table shows the Office of Transport Safety Investigations headcount compared with the previous three years

	2017 - 18 Total Count			2016 - 17 Total Count			2015 - 16 Total Count			2014 - 15 Total Count		
Annual Salary	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
< \$55,000	0	0	0	0	0	0	0	0	0	0	0	
\$55,000 - \$80,000	0	0	0	0	0	0	0	0	0	0	0	
\$80,001 - \$105,000	0	1	1	0	1	1	0	1	1	0	1	1
\$105,001 - \$130,000	0	0	0	0	0	0	0	0	0	8	0	8
\$130,001 - \$155,000	9	0	9	8	0	8	8	0	8	0	0	
\$155,001 - \$180,000	0	0	0	0	0	0	0	0	0	1	0	1
\$180,001 - \$205,000	0	0	0	0	0	0	0	0	0	0	0	
\$205,001 - \$230,000	1	0	1	1	0	1	2	0	2	0	0	
> \$230,001	1	0	1	1	0	1	1	0	1	1	0	1
TOTAL	11	1	12	10	1	11	11	1	12	10	1	11

Salaries, wages and allowances moved in accordance with the Government's wages policy. Staff employed under the provisions of the Crown Employee's Salaries and Conditions of Employment Award 2017 received an annual increase of 2.5 per cent from the first full period on or after 1 July 2017.

Senior Executive Reporting

Band	2018		2017	
	Female	Male	Female	Male
Band 2 (Chief Investigator)		1		1
Band 1 (Deputy Chief Investigator)		1		1
Total		2		2

Band	Range \$	Average remuneration 2018 \$	Average remuneration 2017 \$
Band 2	\$261,451 to \$328,900	313,050	313,050
Band 1	\$183,300 to \$261,450	255,283	222,099

Executive year to date represents 26.5 per cent of overall salaries –related expenses for 2017-18(25.6% in 2016-17)

Trends in the Representation of Workforce Diversity Groups

EEO Group	% of Total Staff				
	Benchmark or Target	2015	2016	2017	2018
Women	50%	9%	9%	9%	9%
Aboriginal people and Torres Strait Islanders	2%				
People whose first language was not English	30%				
People with a disability	12%				
People with a disability requiring work-related adjustment	6%				

Multicultural Policies and Service Program

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

OTSI does, however, recognise the principles of multiculturalism and is aligned to the broader direction of the *The Multicultural NSW Act 2000* (the Act).

In line with these principles OTSI continued with the following activities during 2017 – 18:

- 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 engaged two consultants in the 2017 - 18 financial year at a cost of \$24,700 to provide advice and support for an HR matter.

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 2017-2018

Economic or Other Factors

There were no economic or other factors affecting OTSI's operational objectives in 2017-2018.

Publications

Apart from the investigation reports that were tabled in Parliament, the only other OTSI publication that was released in 2017 -18 was its Annual Report for 2016 -17.

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

No complaints were received in 2017- 2018.

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 2017 - 2018 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 2017-2018 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.

There is no agency under the control of OTSI which is required to develop an independent ISMS in accordance with the NSW Government Digital Information Security Policy.



Mick Quinn
Chief Investigator

Annual Report Costs

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

Contact Details

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Confidential Safety Information Reporting Scheme (CSIRS)

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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 duty system of a rostered Duty Officer and Investigator in Charge. The duty officer can be contacted on:

Telephone: 1800 677 766