

**OTSI**

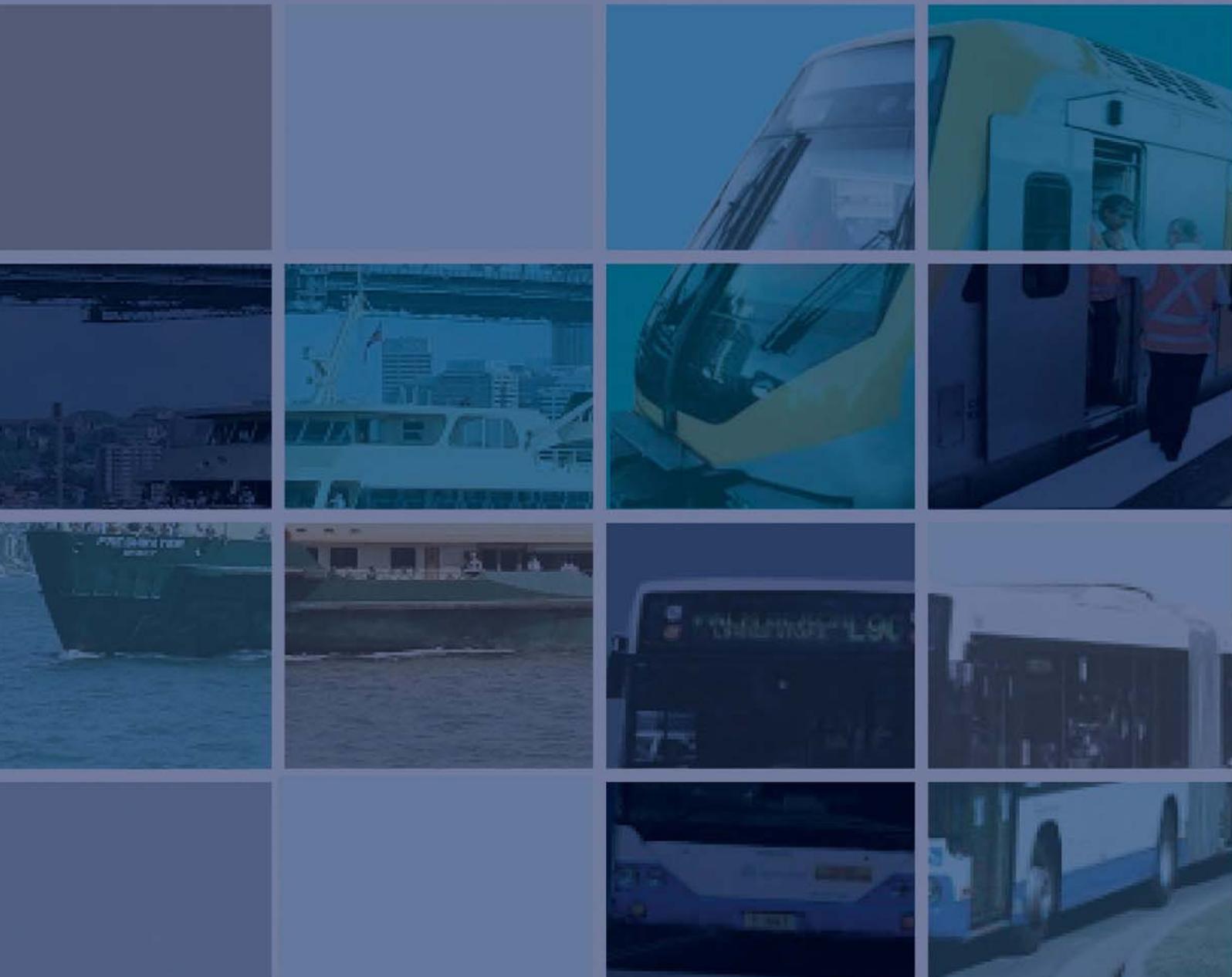
Office of Transport Safety Investigations



## ANNUAL REPORT

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2006 - 2007





# OTSI Office of Transport Safety Investigations

The Hon John Watkins MP  
Deputy Premier,  
Minister for Transport and  
Minister for Finance  
Parliament House  
Macquarie Street  
Sydney NSW 2000

Dear Minister,

It is my pleasure to submit to you the 2006 – 07 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*, the *Annual Reports (Statutory Bodies) Regulation 2000* and the *Public Finance and Audit Act 1983*.

Yours sincerely,

A handwritten signature in black ink that reads "Paul S. O'Sullivan".

Paul S. O'Sullivan  
Chief Investigator

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## Chief Investigator's Report

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

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

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

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



Paul O'Sullivan  
**Chief Investigator**



## Charter

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

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

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

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

Because 2005 - 06 was OTSI's first year of operation as an independent agency, 2006 - 07 has been devoted in large part to the consolidation process, including the development of a Strategic Plan and, in conjunction with NSW Treasury, a significant reworking of OTSI's Results and Services Plan. The assistance provided by Treasury staff in this process has been extremely constructive and helpful to OTSI.



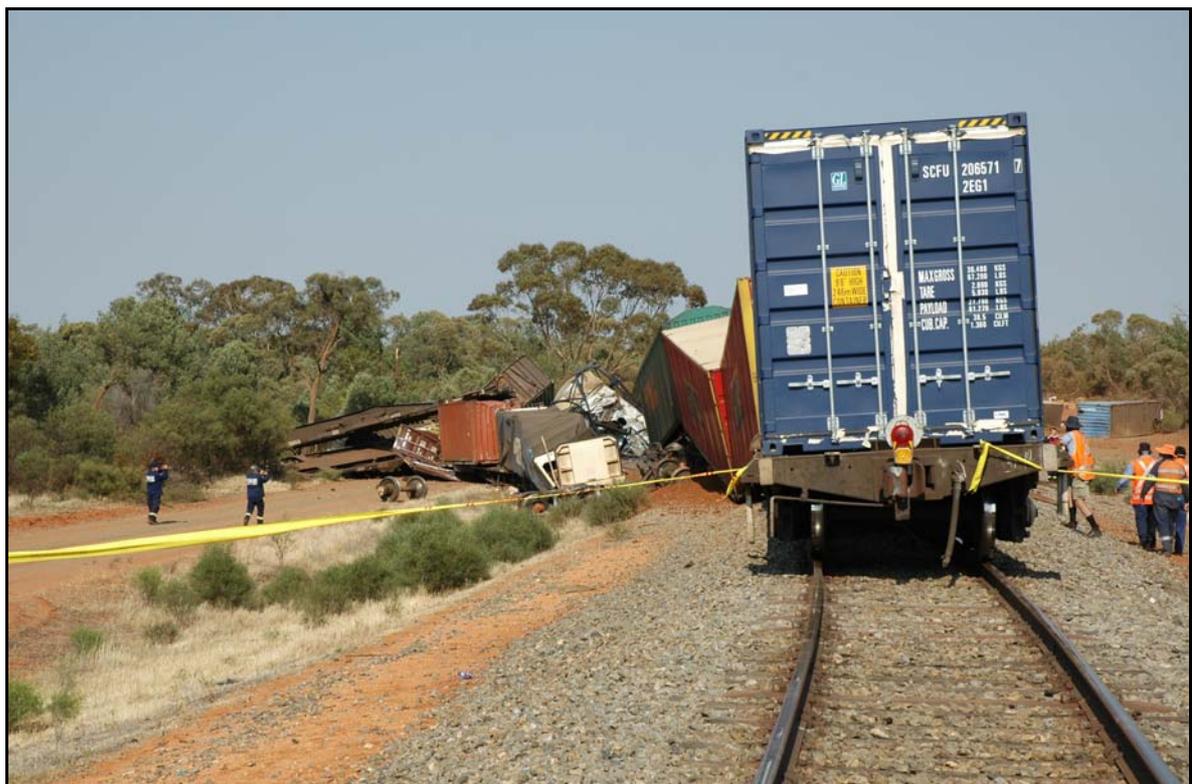
## Aims and Objectives

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

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

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

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



## Organisation

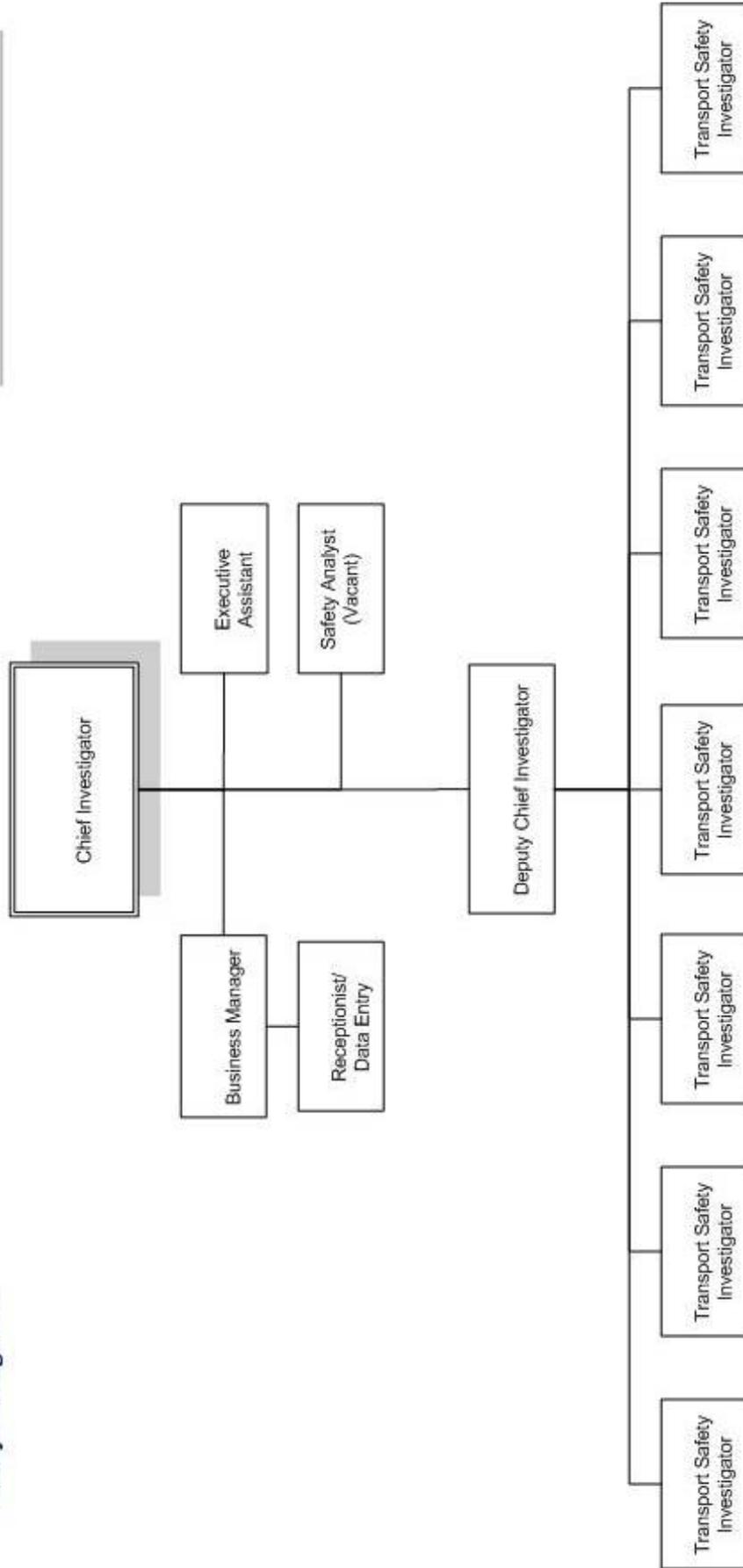
OTSI has a staff of nine investigators which includes the Chief Investigator and the Deputy Chief Investigator, supported by a small administrative team. The organisation of the Office is shown on the next page.



**Office of Transport  
Safety Investigations**

**Note**

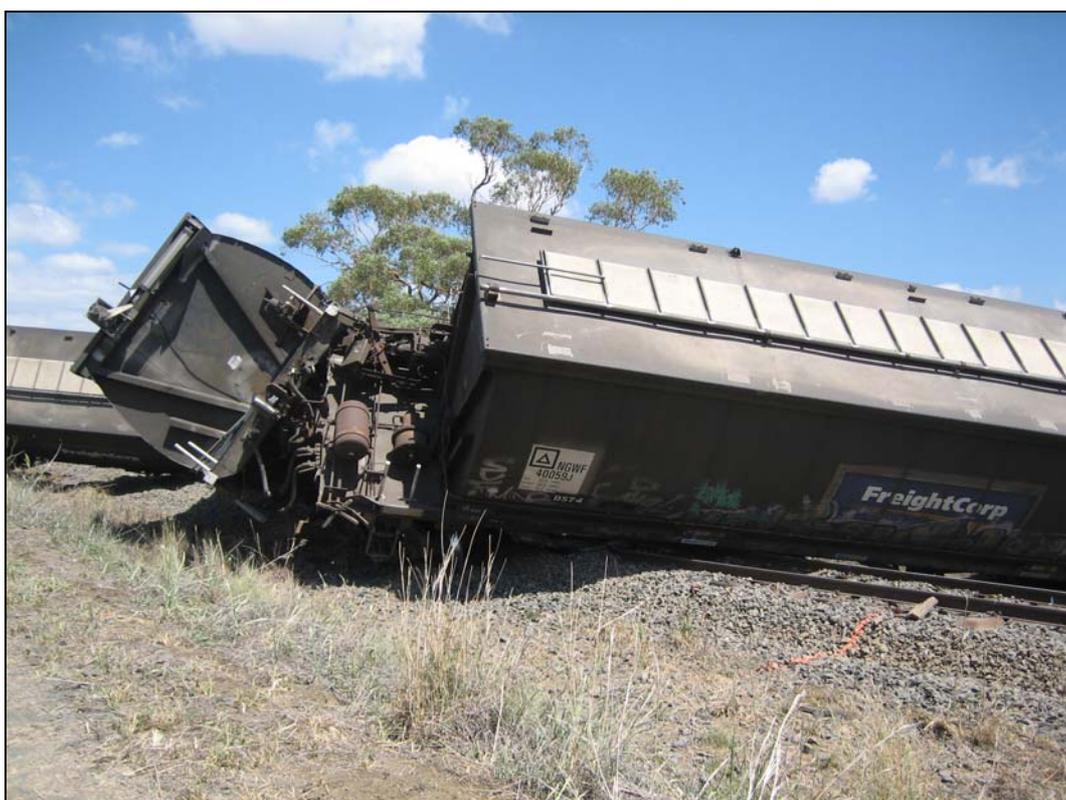
The Chief Investigator is appointed by the Governor on the recommendation of the Minister for Transport and is accountable to that Minister.



## Operations

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

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



## 2006 – 07 in Review

During the year, OTSI received 818 reports of incidents and accidents which fell within the category of “Notifiable Incidents” as described in the Acts, Regulations and established reporting protocols. As a result of these notifications, 12 incidents were classified as Level 1 and investigations were initiated by OTSI as follows:

### Rail

- ◆ 30 August 2006 Eastern Suburbs Rail Tunnel Fatality
- ◆ 2 September 2006 North Strathfield Opposing Movement
- ◆ 1 October 2006 Freight Derailment in the Nevertire/Nyngan Section
- ◆ 9 October 2006 SPADs and Derailments at Thirroul
- ◆ 7 November 2006 Hi-Rail Track Worker Injury at Sandgate
- ◆ 11 January 2007 Freight Derailment at Leeton
- ◆ 14 January 2007 Freight Derailment at Euabalong West
- ◆ 8 February 2007 Freight Derailment at Connemarra

### Bus

- ◆ 21 June 2007 Multiple Bus Accidents involving Three Fatalities

### Ferry

- ◆ 5 January 2007 *Dawn Fraser* Fatal Collision with Fishing Dinghy
- ◆ 22 March 2007 *Sirius* Collision in Darling Harbour
- ◆ 28 March 2007 *Pam Burrige* Fatal Collision with MV *Merinda*



In the reporting period, OTSI completed its investigations into the following accidents and incidents and submitted its investigation reports to the Minister on the dates indicated:

### Rail

- ◆ 20 July 2006 Oposing Movement of Coal Trains at Bloomfield
- ◆ 15 December 2006 Freight Derailment at Lidcombe Goods Loop
- ◆ 24 January 2007 Freight Derailment at Lapstone
- ◆ 24 January 2007 Freight Derailment at Wauchope
- ◆ 30 April 2007 Aria Park Heritage Steam Train Shunting Fatality

### Bus

- ◆ 25 August 2006 Jamberoo Mountain Road Fatal Bus Crash STA
- ◆ 15 September 2006 Spit Road Mosman STA Bus Crash
- ◆ 21 February 2007 Veolia Bus Pedestrian Fatality Kogarah

### Ferry

- ◆ 31 July 2006 RiverCat *Betty Cuthbert* Collision at Fern Bay
- ◆ 20 October 2006 Freshwater Class Ferries Systemic Investigation
- ◆ 18 June 2007 *Dawn Fraser* Fatal Collision with Fishing Dinghy



The following investigation reports were tabled in Parliament on the dates indicated:

### Rail

- ◆ 27 July 2006 Oposing Movement of Coal Trains at Bloomfield
- ◆ 21 December 2006 Freight Derailment at Lidcombe Goods Loop
- ◆ 31 January 2007 Freight Derailment at Lapstone
- ◆ 31 January 2007 Freight Derailment at Wauchope
- ◆ 7 May 2007 Aria Park Heritage Steam Train Shunting Fatality

### Bus

- ◆ 1 September 2006 Jamberoo Mountain Road Fatal Bus Crash STA
- ◆ 22 September 2006 Spit Road Mosman STA Bus Crash
- ◆ 28 February 2007 Veolia Bus Pedestrian Fatality Kogarah

### Ferry

- ◆ 7 August 2006 RiverCat *Betty Cuthbert* Collision at Fern Bay
- ◆ 30 October 2006 Freshwater Class Ferries Systemic Investigation
- ◆ 22 June 2007 *Dawn Fraser* Fatal Collision with Fishing Dinghy

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

- ◆ Received 23 Rail Operator investigation reports in accordance with Section 66 of the *Rail Safety Act 2002* and completed the review process of 20 of those reports to determine the adequacy of the investigations, their findings and safety recommendations.
- ◆ Received 38 confidential reports from transport employees through the Confidential Safety Information Reporting Scheme and finalised 37 of those cases with formal notification of the results of the investigations being provided to the reporters.

### **Challenges 2007 – 2008**

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

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

### **Governance and Management Systems**

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

## **Stakeholder Engagement**

### **Industry Participants**

In conducting its investigations, OTSI adopts a process in which it initially seeks to establish the facts associated with an incident, and having determined that the incident warrants OTSI investigation as a Level 1 (or sometimes Level 2) incident, it notifies all Directly Involved Parties (DIP) of its intention to investigate and then publishes an Interim Factual Statement, describing what happened, and setting out the Terms of Reference for its investigation.

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

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

### **Industry Regulators**

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

### **Financial summary overview**

In 2006-07 OTSI received consolidated fund allocations of \$2.164m. OTSI had minor revenue associated with the reimbursement of phone costs.

OTSI's net cost of service (represented by total expenses less revenue) was \$2.312m.

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



GPO BOX 12  
Sydney NSW 2001

## INDEPENDENT AUDITOR'S REPORT

### Chief Investigator of the Office of Transport Safety Investigations

To Members of the New South Wales Parliament

I have audited the accompanying financial report of the Chief Investigator of the Office of Transport Safety Investigations (the Office), which comprises the balance sheet as at 30 June 2007, the operating statement, statement of recognised income and expense, cash flow statement, program statement - expenses and revenues, and summary of compliance with financial directives for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### ***Auditor's Opinion***

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Office as of 30 June 2007, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

#### ***Chief Investigator's Responsibility for the Financial Report***

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

#### ***Auditor's Responsibility***

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

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

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

My opinion does *not* provide assurance:

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

***Independence***

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

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



Peter Carr  
Director, Financial Audit Services

23 October 2007  
SYDNEY

**CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY  
INVESTIGATIONS**

**STATEMENT BY THE CHIEF INVESTIGATOR**

**For the year ended 30 June 2007**

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

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



**Chief Investigator**

**Date: 19 October 2007**

**CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY  
INVESTIGATIONS**

**Operating Statement for the year ended 30 June 2007**

	Notes	Actual 2007 \$'000	Budget 2007 \$'000	Actual 2006 \$'000
<b>Expenses</b>				
<b>Operating expenses</b>				
Employee related	2(a)	1,529	1,567	1,445
Other operating expenses	2(b)	651	725	564
Depreciation and amortisation	2(c)	147	122	1
<b>Total Expenses</b>		<b>2,327</b>	<b>2,414</b>	<b>2,010</b>
<b>Less:</b>				
<b>Revenue</b>				
Sale of services	3(a)	3	-	1
Investment revenue	3(b)	12	-	3
<b>Total Revenue</b>		<b>15</b>	<b>-</b>	<b>4</b>
<b>Net Cost Of Services</b>	<b>18</b>	<b>2,312</b>	<b>2,414</b>	<b>2,006</b>
<b>Government Contributions</b>				
Recurrent appropriation	4	2,098	2,134	1,884
Capital appropriation	4	-	-	150
Acceptance by the Crown of employee benefits and other liabilities	5	66	158	127
<b>Total Government Contributions</b>		<b>2,164</b>	<b>2,292</b>	<b>2,161</b>
<b>(DEFICIT)/SURPLUS FOR THE YEAR</b>	<b>13</b>	<b>(148)</b>	<b>(122)</b>	<b>155</b>

The accompanying notes form part of these statements.

**CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY  
INVESTIGATIONS**

**Statement of Recognised Income and Expense for the year ended 30 June 2007**

	Notes	Actual 2007 \$'000	Budget 2007 \$'000	Actual 2006 \$'000
<b>TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY</b>		-	-	-
(Deficit)/Surplus for the Year	13	(148)	(122)	155
<b>TOTAL INCOME AND EXPENSE RECOGNISED FOR THE YEAR</b>	13	<u>(148)</u>	<u>(122)</u>	<u>155</u>

The accompanying notes form part of these statements.

**CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY  
INVESTIGATIONS**

**Balance Sheet as at 30 June 2007**

	Notes	Actual 2007 \$'000	Budget 2007 \$'000	Actual 2006 \$'000
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	7	244	276	302
Receivables	8	24	15	69
<b>Total Current Assets</b>		<u>268</u>	<u>291</u>	<u>371</u>
<b>Non-Current Assets</b>				
Property, plant and equipment				
Leasehold improvements	9	498	498	540
Plant and equipment	9	92	112	80
Total property, plant and equipment		<u>590</u>	<u>610</u>	<u>620</u>
Intangible assets	10	30	19	-
<b>Total Non-Current Assets</b>		<u>620</u>	<u>629</u>	<u>620</u>
<b>Total Assets</b>		<u>888</u>	<u>920</u>	<u>991</u>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables	11	73	140	134
Provisions	12	186	163	163
<b>Total Current Liabilities</b>		<u>259</u>	<u>303</u>	<u>297</u>
<b>Total Liabilities</b>		<u>259</u>	<u>303</u>	<u>297</u>
<b>Net Assets</b>		<u>629</u>	<u>617</u>	<u>694</u>
<b>EQUITY</b>				
Accumulated funds	13	629	617	694
<b>Total Equity</b>		<u>629</u>	<u>617</u>	<u>694</u>

The accompanying notes form part of these statements.

**CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY  
INVESTIGATIONS**

**Cash Flow Statement for the year ended 30 June 2007**

	Notes	Actual 2007 \$'000	Budget 2007 \$'000	Actual 2006 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Payments</b>				
Employee related		(1,441)	(1,409)	(1,229)
Other operating expenses		(729)	(754)	(517)
<b>Total Payments</b>		<u>(2,170)</u>	<u>(2,163)</u>	<u>(1,746)</u>
<b>Receipts</b>				
Miscellaneous revenue		86	67	1
Interest received		9	-	-
<b>Total Receipts</b>		<u>95</u>	<u>67</u>	<u>1</u>
<b>Cash Flows from Government</b>				
Recurrent appropriation		2,098	2,134	1,884
Capital appropriation		-	-	150
<b>Net Cash Flows from Government</b>		<u>2,098</u>	<u>2,134</u>	<u>2,034</u>
<b>NET CASH INFLOWS FROM OPERATING ACTIVITIES</b>	18	23	38	289
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment		(49)	(45)	(67)
Purchase of intangible assets		(32)	(19)	-
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<u>(81)</u>	<u>(64)</u>	<u>(67)</u>
<b>NET(DECREASE)/ INCREASE IN CASH</b>		(58)	(26)	222
Opening cash and cash equivalents		302	302	-
Cash transfer through administrative restructure		-	-	80
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	7	<u>244</u>	<u>276</u>	<u>302</u>

The accompanying notes form part of these statements.

**CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS**

**Statement of Compliance with Financial Directives  
For the year ended 30 June 2007**

	2007				2006			
	Recurrent Appropriation \$'000	Expenditure - Net claim on Cons Fund \$'000	Capital Appropriation \$'000	Expenditure - Net claim on Cons Fund \$'000	Recurrent Appropriation \$'000	Expenditure - Net claim on Cons Fund \$'000	Capital Appropriation \$'000	Expenditure - Net claim on Cons Fund \$'000
<b>Original budget Appropriation/Expenditure</b>								
Appropriations Act	2,134	2,134	-	-	-	-	-	-
Additional appropriations								
S 21 PF& AA - special appropriations	-		-	-	-	-	-	-
S 24 PF& AA - transfer of functions between agencies	-		-	-	1,974	1,884	150	150
	<u>2,134</u>	<u>2,134</u>	<u>-</u>	<u>-</u>	<u>1,974</u>	<u>1,884</u>	<u>150</u>	<u>150</u>
<b>Other appropriations/expenditure</b>								
Treasurer's advance	-	-		-	-	-	-	-
Enforced transfer - recurrent to capital	-	-		-	-	-	-	-
Transfer to/from another agency (S24 of the Appropriation Act)	-	-		-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Appropriation/Expenditure								
Net Claim on Consolidated Fund	<u>2,134</u>	<u>2,134</u>	<u>-</u>	<u>-</u>	<u>1,974</u>	<u>1,884</u>	<u>150</u>	<u>150</u>
Drawdown from Treasury		2,134		-		1,884		150
<b>Liability to Consolidated Fund</b>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>

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

CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

Program Statement - Expenses and revenue  
For the year ended 30 June 2007

Program 52.1.1

AGENCY'S EXPENSES AND REVENUES	Transport Safety Investigations		Not Attributable		Total	
	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>EXPENSES</b>						
Operating expenses						
Employee related	1,529	1,445	-	-	1,529	1,445
Other operating expenses	651	564	-	-	651	564
Depreciation and amortisation	147	1	-	-	147	1
<b>Total Expenses</b>	<b>2,327</b>	<b>2,010</b>	<b>-</b>	<b>-</b>	<b>2,327</b>	<b>2,010</b>
<b>REVENUE</b>						
Sale of services	3	1	-	-	3	1
Investment revenue	12	3	-	-	12	3
<b>Total Revenue</b>	<b>15</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>15</b>	<b>4</b>
<b>Net Cost of Services</b>	<b>2,312</b>	<b>2,006</b>	<b>-</b>	<b>-</b>	<b>2,312</b>	<b>2,006</b>
Government Contributions	-	-	2,164	2,161	2,164	2,161
<b>Net (Expense)/Revenue</b>	<b>(2,312)</b>	<b>(2,006)</b>	<b>2,164</b>	<b>2,161</b>	<b>(148)</b>	<b>155</b>

# CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

## Notes to and Forming Part of the Financial Statements For the year ended 30 June 2007

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **(a) Reporting Entity**

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

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

These financial statements have been authorised for issue by the Chief Investigator on 19 October 2007.

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

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

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

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

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

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

#### **(c) Statement of Compliance**

The financial statements and notes comply with Australian Accounting Standards, which include Australian Equivalents to International Financial Reporting Standards.

# CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

## Notes to and Forming Part of the Financial Statements For the year ended 30 June 2007

### **(d) Income Recognition**

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

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

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

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

#### **(ii) Rendering of Services:**

Revenue is recognised when the service is provided.

#### **(iii) Investment Revenue:**

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

### **(e) Employee Benefits and other provisions**

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

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

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

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

#### **(ii) Long Service Leave and Superannuation:**

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

# CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

## Notes to and Forming Part of the Financial Statements For the year ended 30 June 2007

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 07/04) to employees with 5 or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

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

### (iii) Other Provisions

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

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

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

### (f) **Insurance**

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

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

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

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

### (h) **Acquisitions of Assets**

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

## CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

### Notes to and Forming Part of the Financial Statements For the year ended 30 June 2007

or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Australian Accounting Standards.

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

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

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

#### **(i) Intangible Assets**

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

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

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

#### **(j) Depreciation and Amortisation**

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

#### **(k) Maintenance**

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

**CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY  
INVESTIGATIONS**

**Notes to and Forming Part of the Financial Statements  
For the year ended 30 June 2007**

**(l) Leased Assets**

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

**(m) Receivables**

Receivables 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, less an allowance for any impairment of receivables. Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. An allowance for impairment of receivables is established when there is objective evidence that the agency will not be able to collect all amounts due. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Bad debts are written off as incurred.

**(n) Other Assets**

Other assets are recognised on a cost basis.

**(o) Equity Transfers**

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

**(p) Payables**

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

**(q) Budgeted Amounts**

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

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

**CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY  
INVESTIGATIONS**

**Notes to and Forming Part of the Financial Statements  
For the year ended 30 June 2007**

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

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2007 reporting periods. The following new Accounting Standards and Interpretations have not yet been adopted and are not yet effective:

- AASB 7 Financial Instruments: Disclosure (1 January 2007) & AASB 2005-10 Amendments to Australian Accounting Standards (1 January 2007)
- AASB 101 Presentation of Financial Statements (1 January 2007)
- AASB 1049 Financial Reporting of General Government Sectors by Governments (1 July 2008)
- 2007-4 Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments (1 July 2007)
- Interpretation 4 Determining whether an Arrangement contains a Lease (1 January 2008)

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

**CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY  
INVESTIGATIONS**

**Notes to and Forming Part of the Financial Statements  
For the year ended 30 June 2007**

	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>2. EXPENSES</b>		
<b>(a) Employee related expenses</b> <i>comprise the following specific items:</i>		
Salaries (including recreation leave)	1,293	1,160
Superannuation – defined benefits plan	27	22
Superannuation – defined contribution plan	86	66
Long service leave	32	100
Workers' compensation insurance	7	8
Payroll Tax and Fringe Benefit Tax	84	89
	<b>1,529</b>	<b>1,445</b>
<b>(b) Other operating expenses</b>		
Accommodation		
Operating lease rental expense – minimum lease payments	271	270
Other property costs	22	5
External services		
Contractors	138	103
Legal services	3	7
Audit fees – financial statements	11	10
Motor vehicle running expenses		
Operating minimum lease rentals	19	16
Other motor vehicle expenses	38	28
Advertising and promotion	-	3
Staff recruitment and training costs	56	57
Administration		
Printing and stationery	12	7
Telephones	24	20
Travel	36	29
Others	21	9
	<b>651</b>	<b>564</b>
<p>Accommodation and motor vehicle running expenses do not include maintenance expenses. The agency does not have maintenance related employee expenses.</p>		
<b>(c) Depreciation and amortisation</b>		
Plant and equipment	21	1
Leasehold Improvements	124	-
Intangible assets	2	-
	<b>147</b>	<b>1</b>

**CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY  
INVESTIGATIONS**

**Notes to and Forming Part of the Financial Statements  
For the year ended 30 June 2007**

	<b>2007 \$'000</b>	<b>2006 \$'000</b>
<b>3. REVENUES</b>		
<b>(a) Sale of services</b>		
Rendering of services	3	1
	3	1
<b>(b) Investment revenue</b>		
Interest on bank balance	12	3
	12	3
<b>4. APPROPRIATIONS</b>		
<b>Recurrent appropriations</b>		
Total recurrent drawdowns from Treasury (per Summary of Compliance)	2,098	1,884
Less: Liability to Consolidated Fund (per Summary of Compliance)	-	-
Recurrent appropriations (per Operating Statement)	2,098	1,884
<b>Capital appropriations</b>		
Total capital drawdowns from Treasury (per Summary of Compliance)	-	150
Less: Liability to Consolidated Fund (per Summary of Compliance)	-	-
Capital appropriations (per Operating Statement)	-	150
<b>5. ACCEPTANCE BY THE CROWN ENTITY OF EMPLOYEE BENEFITS AND OTHER LIABILITIES</b>		
The following liabilities and/or expenses have been assumed by the Crown Entity		
Superannuation	27	22
Long service leave	32	100
Payroll tax on superannuation (Note 19)	7	5
	66	127

**CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY  
INVESTIGATIONS**

**Notes to and Forming Part of the Financial Statements  
For the year ended 30 June 2007**

**6. PROGRAM INFORMATION**

The agency has one program namely:

**Program 52.1.1 – Transport Safety Investigations**

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

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

	<b>2007 \$'000</b>	<b>2006 \$'000</b>
<b>7. CASH AND CASH EQUIVALENTS</b>		
Cash at bank and on hand	244	302
	244	302

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

Cash and cash equivalents (per Balance Sheet)	244	302
Closing cash and cash equivalents (per Cash Flow Statement)	244	302

**8. RECEIVABLES**

Debtors	6	32
Goods and Services Tax – recoverable	18	26
Prepayments	-	11
	24	69

**CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY  
INVESTIGATIONS**

**Notes to and Forming Part of the Financial Statements  
For the year ended 30 June 2007**

	<b>2007 \$'000</b>	<b>2006 \$'000</b>
<b>9. PROPERTY, PLANT &amp; EQUIPMENT</b>		
Leasehold Improvements	622	540
Accumulated depreciation	124	-
Carrying amount at fair value	498	540
Plant and equipment	114	81
Accumulated depreciation	22	1
Carrying amount at fair value	92	80
Total property, plant and equipment	736	621
Accumulated depreciation	146	1
Carrying amount at fair value	590	620

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

	<b>Leasehold Improvements \$'000</b>	<b>Plant &amp; Equipment \$'000</b>	<b>Total \$'000</b>
Carrying amount 1 July 2006	540	80	620
Additions	-	32	32
Administrative restructure transfer from other agency (Note 14)	83	-	83
Depreciation expense	125	20	145
Carrying amount 30 June 2007	498	92	590
Carrying amount 1 July 2005	-	-	-
Administrative restructure transfer	528	11	539
Additions	12	70	82
Depreciation expense	-	1	1
Carrying amount 30 June 2006	540	80	620

**10. INTANGIBLE ASSETS**

Computer systems		
At amortised cost	32	-
Accumulated amortisation	2	-
Carrying amount at fair value	30	-

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

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

**CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY  
INVESTIGATIONS**

**Notes to and Forming Part of the Financial Statements  
For the year ended 30 June 2007**

	<b>2007 \$'000</b>	<b>2006 \$'000</b>
<b>11. PAYABLES</b>		
Creditors	-	86
Accruals		
Salaries and on-costs	5	4
Others	68	44
	73	134
<b>12. PROVISIONS</b>		
<b>Current Liabilities</b>		
Recreation leave	162	138
Employee oncosts	24	25
	186	163
<b>Aggregate employee benefits and related on-costs</b>		
Recreation leave	162	138
Employee oncosts & accrued salaries	29	29
	191	167
<b>13. CHANGES IN EQUITY</b>		
Balance at the beginning of the financial period	694	-
Changes in equity – transactions with owners as owners (Note 14)	83	539
(Deficit)/Surplus for the year	(148)	155
Balance at the end of the financial period	629	694

**14. INCREASE IN NET ASSETS FROM EQUITY TRANSFERS**

On 1 July 2005 agency took over the Investigations program (including the appropriate assets and liabilities) previously administered by the Independent Transport Safety and Reliability Regulator (Note 1(o)). In 2006-07 the agency received further program assets from the Independent Transport Safety and Reliability Regulator as set out below:

**Assets**

Cash at bank	-	80
Property, plant and equipment (Note 9)	83	539
	83	619

**Liabilities**

Employees benefits	-	80
	-	80
Net assets transferred to agency (Note 13)	83	539

**CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY  
INVESTIGATIONS**

**Notes to and Forming Part of the Financial Statements  
For the year ended 30 June 2007**

**15. COMMITMENTS FOR EXPENDITURE**

**(a) Capital Commitments**

The agency did not have any capital commitments as at balance date.

	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(b) Other Expenditure Commitments</b>		
Aggregate other expenditure contracted for at balance date and not provided for:	97	68
Not later than one year	85	56
Later than one year but not later than five years	12	12
Later than five years	-	-
Total (including GST)	97	68

**(c) Operating Lease Commitments**

Future non-cancellable operating lease

Rentals not provided for and payable:		
Not later than one year	1,878	2,331
Later than one year but not later than five years	325	364
Later than five years	1,553	1,698
Total (including GST)	1,878	2,331

The agency leases its motor vehicles and office accommodation. Input tax on all commitments estimated at \$179K (2006 \$218K) will be recouped from the Australian Taxation Office.

**16. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

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

**17. BUDGET REVIEW**

**Net Cost of Services**

The net cost of services for the year ended 30 June 2007 was \$2.312m compared to the budget of \$2.414m.

- **Employee related expenses** at \$1.529m were lower than the budget of \$1.567m. due to savings in salaries and related costs which were applied to fund other initiatives.

## CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY INVESTIGATIONS

### Notes to and Forming Part of the Financial Statements For the year ended 30 June 2007

- **Other operating expenses** including legal services (actual \$3K compared to budget of \$36K) amounted to \$651K against the budget of \$725K. Funding for legal services is protected and is draw-down as required.

#### Assets and Liabilities

The balance sheet comprises the following principal assets and liabilities:

- **Cash** of \$244K was slightly lower than budget.
- **Property, plant and equipment:** As a result of the 2005-06 administrative restructure the agency received further property, plant and equipment of \$83K from the Independent Transport Safety and Reliability Regulator. In addition the agency also spent \$64K on acquiring further assets which were funded out of the cash reserves.
- The **receivables** which came within budget expectations included Goods and Services Tax recoupable from the Australian Taxation Office and interest on bank balances.
- **Accounts payable** included liabilities for operating expenditure and employees entitlements. Accounts payable at 30 June 2007 were lower than budget as there were no liabilities for capital expenditure.

#### Cash Flows

Net cash flows from operations amounted to \$23K of which \$81K was spent on property, plant and equipment with the balance to be used to pay creditors and accrued expenses. Cash flow from operations was generally in line with the budget.

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

	2007 \$'000	2006 \$'000
Net Cash in flow from Operating Activities	23	289
Cash flows from Government/Appropriations	(2,098)	(2,034)
Acceptance by the Crown Entity of Employee Entitlements	(66)	(127)
Depreciation	(147)	(1)
(Decrease)/Increase in prepayments	(11)	11
(Decrease)/Increase in receivables	(11)	29
Decrease(Increase) in creditors	21	(84)
(Increase) in provisions	(23)	(89)
Net Cost of Services	<u>(2,312)</u>	<u>(2,006)</u>

**CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY  
INVESTIGATIONS**

**Notes to and Forming Part of the Financial Statements  
For the year ended 30 June 2007**

**19. NON-CASH FINANCING AND INVESTING ACTIVITIES**

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

	<b>2007 \$'000</b>	<b>2006 \$'000</b>
Employees' entitlements and liabilities Assumed by the Crown Entity (Note 5)	66	127
	<u>66</u>	<u>127</u>

**20. FINANCIAL INSTRUMENTS**

**Cash**

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

**Receivables**

All trade debtors are recognised as amount receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Debts, which are known to be uncollectable are written off. An allowance for impairment is raised when some doubt as to collection exists. The credit risk is the carrying amount (net of any allowance for impairment of doubtful debts). No interest is earned on trade debtors. The carrying amount approximates net fair value. Sales are made on 30 days terms.

**Trade creditors and Accruals**

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.

**(a) 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 exposure to interest rate risk and the effective interest rates of financial assets and liabilities both recognised and unrecognised at 30 June 2007 are as follows:

**CHIEF INVESTIGATOR OF THE OFFICE OF TRANSPORT SAFETY  
INVESTIGATIONS**

**Notes to and Forming Part of the Financial Statements  
For the year ended 30 June 2007**

**Financial Instruments**

	Floating Interest rate		Non-Interest Bearing		Total carrying amount as per Balance Sheet		Weighted average effective interest rate	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 %	2006 %
<b>Financial Assets</b>								
Cash	244	302		-	244	302	4.69	1.92
Receivables	-	-	24	58	24	58	-	-
<b>Total</b>	<b>244</b>	<b>302</b>	<b>24</b>	<b>58</b>	<b>268</b>	<b>360</b>		
<b>Financial Liabilities</b>								
Payable	-	-	68	130	68	130	-	-
	-	-	68	130	68	130		

**(b) Credit Risk**

Credit risk is the risk of financial loss arising from another party to a contract or financial position failing to discharge a financial obligation thereunder. The agency was not exposed to a credit risk from carrying amounts of financial assets in the Balance Sheet.

**End of Audited Financial Statements**

## PAYMENT OF ACCOUNTS

### Aged analysis at the end of each quarter

Quarter	Current (within due date) \$'000	Less than 30 days overdue \$'000	Between 30 & 60 days overdue \$'000	Between 60 & 90 days overdue \$'000	More than 90 days overdue \$'000
September	8	-	-	-	-
December	40	-	-	-	-
March	0	-	-	-	-
June	0	-	-	-	-

## TIME FOR PAYMENT OF ACCOUNTS

### Account paid on time within each quarter

Total Accounts paid on Time				Total Amount Paid
	Target %	Actual %	\$'000	\$'000
September	100	98.1	463	472
December	100	98.1	579	585
March	100	99.0	565	571
June	100	97.8	609	623
				<b>2251</b>

### Freedom of Information

There were no applications for information under the FOI legislation in 2006/2007.

### Risk Management

OTSI is part of the Treasury Managed Fund insurance scheme and as such is insured against all risk associated with its activities. In addition, OTSI has engaged the NSW Ministry of Transport to provide all its Information Technology services and therefore participates in the Ministry's disaster recovery processes.

### Privacy Management Plan

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

## **Principal Legislation**

OTSI exercises functions under the:

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

## **Credit Card Certification**

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

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

No issues for OTSI were raised by the Auditor General during 2006-2007.

## **Significant Committees**

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

## **Grants to Non-Government Organisations**

There were no grants to non-government organisations.

## **Legal Changes**

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

## **Departures from Subordinate Legislation**

There were no departures from the Subordinate Legislation Act.

## **Major Works in Progress**

There were no major works undertaken by OTSI in the 2006 – 07 year.

## Human Resources of OTSI 2006 - 07

OTSI is an agency with a total staffing of 12 as at the 30 June 2007. Given the background from which staff has been drawn to meet the needs of the office, it is of little surprise that the balance of the various groups represented by the following statistics is not in keeping with the numbers achieved by other agencies. OTSI is staffed by officers with a background in the various transport modes and qualifications in transport safety. The available talent bank does not have the breadth of offices from the various identified groups.

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

Performance & Number of Executive Officers			
Number of SES Officers			
SES Level	No of SES Officers (total) 2006	No of SES Officers (total) 2007	No of Female staff in SES 2007
5	1	1	0
Total	1	1	0

**Name:** Paul O'Sullivan

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

**Remuneration:** 247,300

**Level:** SES Level 5

**Performance Pay:** Nil

**Performance Achievements:**

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

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

Specific achievements include:

- provided a 24-hour reporting service for the notification of rail, bus and ferry accidents and incidents;
- published a daily summary of incidents notified to OTSI through the incident reporting system and the immediate action taken;
- received and reviewed 818 "72 hour" incident reports from rail, bus and ferry operators as a follow-up to notified accidents and incidents;
- responded to and initiated 12 OTSI investigations into serious rail, bus and ferry accidents and incidents;
- reviewed 20 rail operator investigation reports to determine the adequacy of those investigations, their findings and recommendations;
- provided the Minister for Transport with monthly statutory reports on those operator investigations reviewed by OTSI;
- submitted 11 OTSI investigation reports to the Minister for Transport for tabling in Parliament;
- received and actioned 37 reports through the Confidential Safety Information Reporting Scheme;
- provided continuing professional development, education and training for all staff, and
- continued the development and population of the Accident Investigation Management Database.

Trends in the Representation of EEO Groups					
EEO Group	% of Total Staff				
	Benchmark or Target	2004	2005	2006	2007
Women	50%			9%	17%
Aboriginal people and Torres Strait Islanders	2%				
People whose first language was not English	20%			9%	
People with a disability	12%			9%	8%
People with a disability requiring work-related adjustment	7%			9.1%	8.3%

### Consultants

OTSI engaged the services of a consultant to assist with the investigation into a derailment at Nevertire – Nyngan. This consultant provided specialist metallurgical examination of failed rail sections. The total cost was \$12,920.

### Land Disposal

OTSI does not have any land to dispose of.

### List of Major Assets

OTSI has no major assets to report against.

### Economic or Other Factors

There were no economic or other factors affecting OTSI's operational objectives in 2006-2007.

### Publications

Apart from the investigation reports that were tabled in Parliament, the only other OTSI publication that was released in 2006 – 07 was its Annual Report for 2005 – 06.

## **Occupational Health and Safety**

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

## **Overseas Travel**

Two overseas trips were made in 2006 – 07 by staff of the Office of Transport Safety Investigations. Both visits were approved by the Minister for Transport prior to any costs being incurred.

Mr John Culleton, Deputy Chief Investigator, travelled to Canada and the USA in August 2006 to:

1. attend the 9th International Level Crossing Safety and Trespass Prevention Symposium which focused on the examination of strategies to reduce the risks posed to both road and rail users at level crossings, and to examine ways in which the incidence of trespass and suicide within rail corridors might be reduced, and
2. to establish direct contact, and compare business practices, with the Canadian Transport Safety Board and the United States National Transport Safety Board.

Mr Paul O'Sullivan, Chief Investigator, travelled to China in May 2007 to:

attend the annual conference of the Australian Institute of Company Directors in Shanghai and effect liaison for comparative analysis purposes with the operators, regulators and safety investigators of a significant international transport jurisdiction.

## **Waste Management**

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

## **Code of Conduct and Ethics**

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

## **Annual Report External Costs**

The cost of printing and production of the annual report was \$779.70.

## Contact Details

Office of Transport Safety Investigations

PO Box A2616 Sydney South  
NSW 1235

Level 17, 201 Elizabeth Street  
Sydney NSW 2001

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

Telephone: 02 93229200

Facsimile: 02 93229299

[www.otsi@nsw.gov.au](http://www.otsi@nsw.gov.au)

Confidential Safety Information Reporting Scheme (CSIRS)

PO Box A2616 Sydney South  
NSW 1235

Level 17, 201 Elizabeth Street  
Sydney NSW 2001

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

Telephone: 1800 180 828

Facsimile: 1800 180 528

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

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

Telephone: 1800 677 766