Highlights

**Rail Safety Regulation**
- Conducted compliance inspections specifically targeting the safety priorities outlined for 2007-08, with appropriate action taken to address identified performance issues (page 24)
- Developed and distributed a Rail Resource Management training toolkit to assist industry in reducing human errors and their consequences (page 39)
- Provided targeted assistance and developed a strategy for rail heritage operators to implement new rail safety requirements (page 26)
- Led national development of guidelines for safety management systems and administration of accreditation that were subsequently endorsed by the Australian Transport Council and published (page 27)
- Developed a national audit tool that was endorsed by the Rail Safety Regulators Panel (page 27)
- 78% of recommendations resulting from independent investigations into rail accidents verified as closed (page 30).

**Strategic Coordination of Safety across Transport Modes**
- Overall number of recommendations closed for reports on rail, bus and ferry accidents increased by 15% (page 44)
- Commenced review of indicators used by NSW rail, ferry and bus regulators using ITSRR’s previously commissioned review of key performance indicators used by transport regulators around the world (page 44)
- Assessed the cross modal implications from specific independent safety investigations, examined fatigue management practices across modes and commissioned a review to determine whether data loggers are required across transport modes (page 47).

**Transport Service Reliability Advice**
- Published the Survey of CityRail Customers 2007 and the Annual Transport Reliability Report 2006-07 (page 51)
- Provided advices to the Minister for Transport on international best practice in commuter rail procurement, service quality in public transport and reliability governance (page 53)
- Completed international research on best practice in procurement of commuter rail services (page 52).

**Corporate Governance**
- Released an enhanced Corporate Management System which consolidated all policies, processes and documentation into one reference source (page 57)
- Redesigned the Intranet to facilitate greater corporate knowledge sharing (page 57)
- Completed the major build of ITSRR’s corporate IT systems (page 58)
- 36 (44%) staff have now participated in post-graduate transport safety education, with 20 staff undertaking study during the year (page 62)
- 70 (86%) staff attended business writing workshops, with 74% rating it highly effective (page 62)

**Challenges**
- Working with stakeholders to prepare for the introduction of NSW rail safety legislation
- Operating under new Federal transport policy frameworks
- Developing strategies to support heritage operators to better understand safety risk management and regulatory requirements
- Recruiting specialist staff in an environment of high employment and supply shortages.
Who we are

ITSRR is an independent statutory authority of the NSW Government and commenced operations in January 2004.

In 2007-08 ITSRR employed 81 staff. ITSRR is located in Sydney but its rail safety officers travel throughout NSW to conduct audits, compliance inspections and investigations of railway operations.

What we do

ITSRR’s principal legislative objective, outlined in the Transport Administration Act 1988 is to facilitate the safe operation of transport services in NSW.

The other legislative objectives for ITSRR are to:

- exhibit independence, rigour and excellence in carrying out its regulatory and investigation functions
- promote safety and reliability as fundamental objectives in the delivery of transport services.

ITSRR does not fund transport services or set service standards.

Statutory framework

In addition to the principal governing legislation, ITSRR has responsibilities under the following legislation:

- Rail Safety Act 2002
- Passenger Transport Act 1990
- Transport Legislation Amendment (Waterfall Rail Inquiry Recommendations) Act 2005
- Rail Safety (General) Regulation 2003

Vision

Safe and reliable rail, bus and ferry services in New South Wales

Values

Professionalism

We are proud of the quality, timeliness and independence of our work. We encourage the professional development of all our staff.

Transparency

We are open with the community and industry about our practices and policies, the information we collect and analyse, and the decisions we make.

Integrity

We strive to be fair, honest and trustworthy in all our dealings.

Innovation

We aim to take a leading role in transport safety and encourage the cross-fertilisation of skills and ideas across transport modes. Our practices are based on the collection and analysis of current information and ongoing learning and having a strong technical and research capability.
Our organisation

Our key programs
To deliver its objectives during 2007-08 ITSRR had four key programs:

Rail Safety Regulation
  > administering rail safety legislation to ensure rail operators have safety management systems that effectively manage risk. As part of this ITSRR seeks to ensure, through a variety of initiatives and strategies, that the rail industry builds and maintains a continuously improving safety culture.

Strategic Coordination of Safety across Transport Modes
  > facilitating consistent approaches to safety regulation for rail, bus and ferry services by working with the safety regulators for buses (Ministry of Transport) and ferries (NSW Maritime).

Transport Service Reliability Advice
  > providing independent advice to the State Government and publishing reports on the reliability and sustainability of publicly funded transport services in NSW.

Corporate Governance
  > delivering supporting programs to enable achievement of the above three core programs.

Our organisational framework
ITSRR is managed by an Executive Management Team (EMT) comprising the Chief Executive and four Executive Directors. The EMT also receives advice from an Advisory Board (for more details, see page 5). Each Executive Director manages a division. These divisions are outlined below.

Rail Safety Regulation Division
The Rail Safety Regulation Division comprised 41 staff (51% of all ITSRR staff).
The division focuses on delivery of the Rail Safety Regulation Program through the administration of the Rail Safety Act 2002 and associated regulations and guidelines. It administers accreditation of NSW rail operators, conducts periodic audits of railway operators’ safety management systems, undertakes compliance inspections to determine if railway operations are being conducted in accordance with safety requirements and can initiate formal investigations of rail incidents and accidents. These activities are supported by the division’s regulatory intelligence unit which collects, analyses and reports on rail industry safety performance.

Transport Regulation Strategy Division
The Transport Regulation Strategy Division comprised 12 staff (15% of all ITSRR staff).
The division supports delivery of the Rail Safety Regulation Program by establishing an effective legislative framework and policy base for rail safety regulation. Such services include policy development at State and national levels, provision of legal advice and a broad range of communication activities including chairing the Rail Safety Strategic Forum, managing inter and intra-governmental relations and Ministerial liaison. The division provides an independent review for rail operators of regulatory directions issued by the RSR Division.
The division is also responsible for delivery of the Strategic Coordination of Safety across Transport Modes Program, promoting consistent safety regulation for the rail, bus and ferry sectors.

Service Reliability Division
The Service Reliability Division comprised 10 staff (12% of all ITSRR staff).
The division leads the Transport Service Reliability Advice Program to monitor transport performance, provide advice to the Minister on service reliability issues and prepare public reports and submissions on the performance of publicly funded transport services. The division focuses on the more substantial public transport tasks such as metropolitan rail and bus services, at a system-wide level.
The Transport Administration Act 1988 enables the Minister to request expert advice from ITSRR on specific issues associated with reliability.

Corporate Services and Planning Division
The Corporate Services and Planning Division, including the Executive Support Unit, comprised 18 staff (22% of ITSRR staff).
The division contributes to the Corporate Governance program providing the administrative, financial, human resource, information technology, corporate planning and performance reporting and administrative support services required for ITSRR to operate effectively.
Our key stakeholders

The following diagram reflects ITSRR's range of stakeholders and the mechanisms through which it liaises with them.

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

Dear Minister

It is my pleasure to submit to you for presentation to Parliament the Independent Transport Safety and Reliability Regulator’s (ITSRR) Annual Report 2007-08.

This 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.

It reflects consideration of the NSW Public Bodies Review Committee’s criteria for better annual reporting practice. With the aim of continuous improvement, ITSRR has also incorporated into this year’s report feedback on our Annual Report 2006-07 provided from external awards programs.

ITSRR separately publishes annual reports on rail industry safety and transport reliability.

Yours sincerely

Carolyn Walsh  
Chief Executive
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The year was a productive and challenging one with ITSRR continuing work on a range of fronts to achieve transport safety and reliability improvements with direct and future benefits for industry and the community.

**Focused rail audit and compliance inspections**

The corporate priorities established for the year highlighted specific areas that ITSRR’s audit and inspections were to focus on. These corporate priority areas were based on detailed data analysis together with intelligence gathered from field activities and allowed ITSRR to direct regulatory activities toward areas where potential safety risks had been identified. This targeted approach is designed to ensure that available resources are utilised efficiently and effectively.

**Working in the national arena**

Extensive work was undertaken with the National Transport Commission and other rail safety regulators on the development of National Rail Safety Guidelines. ITSRR was the “lead agent” in developing guidelines for safety management systems and uniform administration of accreditation. These were endorsed by the Australian Transport Council and published by the NTC in June 2008.

**Improving data on safety performance**

Recognising the critical importance of robust data to both our regulatory efforts and industry’s own safety management, ITSRR participated in a number of national regulator and industry workshops to refine and gain consensus on a national data strategy for the rail industry.

ITSRR also worked with industry in analysing how to improve capture of data on precursor events and contributing factors to accidents. I look forward to working further with industry on the implementation of the new approach in 2008-09.

**Implementation of nationally consistent rail safety legislation in NSW**

Work continued on the development and introduction of nationally consistent rail safety legislation. While ITSRR had been confident that new rail safety legislation would be enacted during the year, issues raised by industry have meant that a delay was necessary. ITSRR worked to address the issues raised in consultation with stakeholders and as a result introduction of the new legislation by Government is proceeding.

**Level crossing initiatives**

The need for a strategy to reduce level crossing risks was identified as a corporate priority for 2007-08 and the tragic accident at Kerang in Victoria reinforced this need.

With this in mind and assisted by our Advisory Board, ITSRR prepared a report for the Level Crossing Strategy Council – an inter-agency forum which provides coordination between agencies and promotes railway level crossing safety – on strategies to mitigate level crossing risks.

A toolkit to assist incident investigators in collecting better data on human factors issues associated with level crossing accidents was also commissioned. The improved data collected will be used to further refine actions to mitigate level crossing risks.

**Working with the heritage sector**

The heritage sector is of significant value for NSW, both in historical terms and for tourism. A key focus during the year was the analysis of options that could assist heritage operators in meeting rail safety regulation requirements. Implementation of the resulting strategy, which was finalised with stakeholder input, will be an important challenge for the coming year.
Cross-modal coordination

The Transport Regulators Executive Committee (TREC) met regularly during the year providing leadership on strategies to improve safety regulation.

TREC involves the three regulators of publicly funded transport in NSW – ITSRR for rail, the Ministry of Transport for buses and NSW Maritime for ferries.

It was through this forum that agreement on the reporting on closure of recommendations from independent investigation reports was reached.

This initiative, which was developed by ITSRR, is unique as far as I am aware and for this year resulted in an increase of 15% in the number of recommendations being closed out by agencies.

During 2007-08, TREC also explored options to improve indicators for industry safety performance and regulator effectiveness.

Service reliability

Key objectives of providing advice and informing the public on the reliability of publicly funded transport were delivered.  

The Survey of CityRail Customers highlighted that passengers perceived and experienced some improvement in services in 2006-07, albeit with on-board crowding becoming more of an issue.

As part of our role in advising Government substantial research on reliability issues was undertaken, including analysis of international best practice in procurement of commuter rail services.

Corporate governance

During the year we continued to encourage our staff to further develop their skills through education and training. A total of 20 staff were enrolled in postgraduate studies in transport safety and 70 staff attended in-house business writing workshops.

The introduction of a mentoring program to support the career development of graduate trainees has further encouraged skills development. In the final part of the year our corporate knowledge and internal communications were strengthened with the launch of a new Intranet and enhanced Corporate Management System which consolidated all business documentation in the one reference source.

The way forward

The corporate planning process for 2008-09 highlighted the need for a new corporate program that reflects how ITSRR uses knowledge generated through research and regulatory activities to advise and support the government on transport safety issues.

This program, titled ‘Transport Safety Advice’, incorporates the previous program of ‘Strategic Coordination of Safety across Transport Modes’. It will cover key priorities established by ITSRR to promote new and enhanced regulatory and safety management strategies to government and stakeholders. The program also reflects ITSRR’s proactive approach to influencing national strategies for rail safety regulation.

Thanks and acknowledgements

The achievements of this year could not have been accomplished without the hard work and dedication of many people.

I would like to express my sincere thanks to all staff for their efforts and commitment; to the Executive Management Team for their professionalism, expertise and personal support; and to the Advisory Board for their expert advice and guidance.

Finally, I would like to acknowledge the rail industry which has again demonstrated its willingness to work with ITSRR to achieve improved rail safety outcomes for now and into the future.

Carolyn Walsh
Chief Executive
Executive Management Team

The Chief Executive is accountable to the NSW Minister for Transport for ITSRR’s performance but is independent of Government in relation to delivery of key safety functions.

The Chief Executive is supported by the Executive Management Team (EMT), which is ITSRR’s senior management group comprising four Executive Directors and the Chief Executive.

The EMT meets monthly to review progress towards the achievement of ITSRR’s goals and to assist the Chief Executive make strategic decisions and determine priorities. Regular corporate performance reports are provided to the EMT by each member.

1. Carolyn Walsh (BEc, GAICD) was appointed Chief Executive of ITSRR in January 2004. Carolyn joined the NSW Public Service in October 2000. While working in the Office of Coordinator-General of Rail, she provided significant input into the Rail Safety Act 2002 and was part of the establishment team for ITSRR. Prior to this, Carolyn worked for the Commonwealth Government in the areas of small business, sectoral policies, science and innovation.

2. Dr Natalie Pelham (BSc, MScSc, PhD) was appointed as Executive Director Transport Regulation Strategy in January 2007. Natalie has worked in safety since 1994, initially in injury prevention and rehabilitation research at the University of Sydney followed by seven years with WorkCover NSW in senior positions on occupational health and safety regulation. Natalie moved to the transport portfolio in 2003 as part of the establishment team for ITSRR. In 2006-07 Natalie received her PhD in public health specialising in public policy (regulation) for workplace health and safety.

3. Len Neist (MSc, BE, MPD) was appointed Executive Director Rail Safety Regulation in June 2008. Len has worked as a senior engineering manager with extensive experience in strategic risk management, safety systems engineering, safety management system maturity assessment and incident investigation. Prior to joining ITSRR, Len was a member of the Advisory Board and a principal consultant with Booz Allen Hamilton. He also served in the Royal Australian Air Force as an aerospace engineer and in a senior role for the Chief of Air Force. Len is certified as a Master Project Director and an ICAM lead investigator.

4. Colin Holmes acted as Executive Director Rail Safety Regulation from mid-November 2007 to June 2008 (his substantive position is as Director Rail Audit Accreditation and Compliance). Colin has worked in operational and corporate roles in the transport industry for over 24 years, the last 12 years with ITSRR and its predecessor the Transport Safety Bureau in senior safety management roles.

5. Michael Quinn (CSP, Dip OH&S) was appointed Executive Director Rail Safety Regulation in January 2006 and resigned in November 2007 to take up the Deputy CEO role in the Civil Aviation Safety Authority. Mick had extensive experience in safety management systems, operational risk management programs, safety auditing and accident investigation. Prior to joining ITSRR Mick was based in Dubai as the Senior Vice President – Group Safety for the Emirates Group. He had responsibilities for safety management programs across a broad range of the Group’s international entities.
6. Simon Foster (Grad Dip Mgt, Land and Engineering Survey Drafting Certificate) was appointed as ITSRR’s Executive Director Service Reliability in April 2004. Simon brings over 25 years of technical and management experience in rail covering track, fleet, operations, stations and communications. Simon has worked in the Office of Coordinator-General of Rail where he helped oversee the running of rail services for the Sydney 2000 Olympic Games. He was also part of ITSRR’s establishment team. In 1988 Simon was awarded a Bicentennial Fellowship in Management.

7. Paul Harris (BCom, MPA) was appointed as Executive Director Corporate Services and Planning in November 2007 following his tenure as Director since 2004. Paul has extensive industry and public sector experience in corporate human resource and business services management roles. Paul has been responsible for implementing significant workplace reforms at State Rail, the Ministry of Transport and ITSRR.

The role of the Advisory Board

The principal functions of the Board are set out in the Transport Administration Act 1988 and include:

- advising ITSRR and or making recommendations to ITSRR on transport safety and reliability
- advising ITSRR on reports prepared by ITSRR and any other matters referred by ITSRR
- advising the Minister and/or making recommendations on the safe operation of transport services (including safety regulation by transport authorities) and the reliability of publicly funded transport services.

Within this framework the Advisory Board focuses on safety and reliability issues and does not directly review or contribute to ITSRR’s management-related decisions.

Membership

The Advisory Board is comprised of the Chief Executive and four external members appointed by the Minister with experience in one or more of the following: rail safety management systems; safety science; customer service; accident investigation; and/or public administration.

As at 30 June 2008, the Board consisted of the following members: Rob Schwarzer (Chairman), Carolyn Walsh (Chief Executive), Dr Rob Lee and Professor Jean Cross. During 2007-08, Len Neist was also a Board member until May 2008 when he resigned from the Board to take up the role of Executive Director Rail Safety Regulation.

All Board member appointments extend to January 2010.

More information on the Board, including the qualifications and experience of its members, is contained in Appendix 5 of this report (see page 108).
Advisory Board Chairperson’s message

During the year the Advisory Board continued to provide high-level advice to support the Chief Executive of ITSRR in formulating regulatory responses to complex rail safety issues and matters concerning the reliability of publicly funded transport services.

One of three areas of significant focus in 2007-08 was the regulation of major change. The Board reviewed ITSRR’s issues paper on the Regulation of Major Change and endorsed the concept of a Regulator providing guidance to rail operators on its expectations regarding major change projects. The Board also contributed to the development of industry guidelines on good practice in managing safety of major infrastructure projects and the process of accreditation where a variation of the operator’s existing accreditation is required.

Another major item of discussion of the Board was the Best Practice in Procurement of Commuter Rail Services in NSW Report. Both the Board and ITSRR recognised that arrangements in the procurement of transport services emerged as one of the most important outcomes of the work being undertaken in relation to the longer term reliability and sustainability of publicly funded services. The Board assisted ITSRR in developing papers on Strategies for Improving Reliability Governance within a purchaser/provider model of delivery and Best Practice Procurement of Commuter Rail Services. These papers identified opportunities to better define Government’s expectations of service providers through improved service contracts which have well defined performance outcomes and which are linked to customer-focused performance measurement.

A third key focus for the Board was its continued involvement in the regulation of the tourist and heritage rail sector, particularly the endorsement of the strategy for managing heritage operations and ITSRR’s plan to work closely with the heritage industry to ensure that the industry fully understood its obligations under rail safety legislation.

This year also marked a change in the Board’s approach which resulted in greater interaction between Board members and ITSRR staff teams working on specific projects or issues outside formal meetings.

In order to enable its members to share their knowledge and expertise, in September 2007, the Board held the first of a planned program of workshops with ITSRR staff. The theme of this first workshop was Regulatory Craft – Engaging with Industry. The workshop looked at how ITSRR currently engages industry, the challenges faced as a Regulator, perspectives on assessing safety performance and industry expectations. It was attended by staff from across ITSRR’s four divisions and those who participated responded positively.

The second workshop on Regulation of Major Change Projects was held in April 2008. This was part of the Board’s ongoing involvement in this matter. The workshop enabled discussion between the Board and ITSRR staff on issues around safety systems engineering in major capital projects, risk management practices and key milestones where regulatory interaction with proponents might be best targeted. The workshop also confirmed the importance of early interaction between the proponent and regulator in order to reduce regulatory risks associated with major change.

The Board also offered advice and recommendations to ITSRR on a range of other issues during the year, including:

- investigations into specific issues of non-compliance by rail operators with their accreditation requirements
- the appropriateness and outcomes of compliance and pre-accreditation audits of rail operators
- the scope and methodology for ITSRR’s International Literature Review of Best Safety Practice
- RailCorp’s revised Signals Passed at Danger (SPAD) strategy, particularly its new approach to review and evaluation of SPAD data
- the report to the Level Crossing Strategy Council on strategies to mitigate level crossing risks
- evaluation and reporting on reliability performance of publicly funded rail and bus operators
- collection, analysis and interpretation of data on rail safety incidents and trends.

The past year has been an extremely busy but productive one for the Advisory Board and ITSRR. I wish to express gratitude to my colleagues on the Board for their continued high levels of commitment and contribution during the year.

Rob Schwarzer
BE(Civil), FIEAust
Chairperson
Organisational chart as at June 2008

Chief Executive
Carolyn Walsh

Executive Office

Executive Director,
Rail Safety
Regulation
Len Neist

Executive Director,
Transport Regulation
Strategy
Natalie Pelham

Executive Director,
Corporate Services
& Planning
Paul Harris

Executive Director,
Service Reliability
Simon Foster

Rail accreditation
Rail audit
Rail security audit
Compliance investigations
Data research & analysis
Safety programs
Technical panel
Operations support

Regulatory policy
National reform
Legislation
Regulations
Standards
Guidelines
Operation policy
Coordination across modes
Industry liaison
Communication
Legal

Corporate planning & reporting
Corporate management system
Risk management
Knowledge management
Organisational development
Finance
IT
Human resources
Administration

Advisory Board support
Ministerial correspondence

Reliability standards
Reliability strategy
Reliability analysis & reporting
ITSRR’s performance context for 2007-08 is reflected in two planning documents – its results logic framework (see below) and its Corporate Plan priorities (see page 12).

During 2007-08, the Executive Management Team and senior staff reviewed and confirmed the overall results logic framework outlined in ITSRR’s Corporate Plan 2006-09 with some changes made to reflect ITSRR’s new program Transport Safety Advice and the status of national rail safety legislation. The revised results logic will form part of ITSRR’s Corporate Plan 2008-09. The diagram below reflects ITSRR’s framework for 2007-08. The framework links ITSRR’s intended results with its service delivery and is supported by a suite of key performance indicators to measure ongoing performance.

### ITSRR’s results logic framework

**Safe and reliable rail, bus and ferry services in New South Wales**

<table>
<thead>
<tr>
<th>Planned results</th>
<th>Intermediate results</th>
<th>ITSRR’s core programs</th>
<th>ITSRR’s service goals</th>
<th>ITSRR’s enabling program</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved rail safety performance</td>
<td>Improving safety risk profiles for rail</td>
<td>Improving safety regulation across the rail, bus and ferry sectors</td>
<td>Governments, the community and transport operators aware of reliability and sustainability issues and results</td>
<td>Governments, operator and community satisfaction on quality and timeliness of ITSRR reports on transport service reliability and sustainability</td>
</tr>
<tr>
<td>Rail operators have safety management systems that effectively manage risks</td>
<td>Rail operators have continuously improving safety culture</td>
<td>Improvements made by regulators to safety regulatory frameworks for rail, bus and ferry services</td>
<td>Opportunities identified and agreed to by regulators to improve safety regulatory frameworks for rail, bus and ferry services</td>
<td>Transport service reliability advice</td>
</tr>
<tr>
<td>&gt; Rail transport operators achieve accreditation and comply with conditions of accreditation and enforcement action</td>
<td>&gt; Rail operators take further actions to improve their safety management systems and culture</td>
<td>&gt; Government and rail operators aware of emerging safety issues for improving systems and culture</td>
<td>&gt; Adopt and implement improved and consistent national rail safety legislation</td>
<td>Strategic coordination of safety across transport modes</td>
</tr>
<tr>
<td>Rail safety regulation</td>
<td>Rail safety regulation</td>
<td>Effective rail legislation and regulatory framework</td>
<td>Rigorous analysis of rail safety performance and reliability information</td>
<td>Effective leadership provided to transport safety regulators</td>
</tr>
<tr>
<td>Consistent and effective application of rail safety regulation</td>
<td>Effective rail legislation and regulatory framework</td>
<td>Rigorous analysis of rail safety performance and reliability information</td>
<td>Effective leadership provided to transport safety regulators</td>
<td>Effective communication to stakeholders on rail safety and transport reliability</td>
</tr>
<tr>
<td>Excellence in ITSRR corporate governance</td>
<td>Corporate governance</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
**Key performance indicators**

ITSRR’s corporate plans are targeted at delivery against the results and services detailed in the results logic framework (see page 8). While the activities of ITSRR as the rail safety regulator and advisor on reliability contribute to improving safety outcomes, other stakeholders also contribute to these outcomes. As a result, it is difficult to measure the direct impact ITSRR has on industry performance. Whilst recognising this, ITSRR reports on its results at three levels – industry performance, ITSRR’s intermediate results and ITSRR’s service delivery. These indicators are aligned to ITSRR’s results logic framework.

Overall ITSRR’s regulatory activities and aligned measures are targeted at improving industry safety performance, with the existence of positive trends in industry safety performance the most appropriate measure to assess success. Likewise, the identification of negative trends in industry performance signals the need for greater regulatory action.

A summary of the rail industry’s safety performance high level results that ITSRR is working toward are detailed below. Full details are published separately by ITSRR in the Rail Industry Safety Report 2007-08. Key findings of this report are outlined on page 25.

### Industry performance indicators

<table>
<thead>
<tr>
<th>Planned results</th>
<th>Results indicators</th>
<th>Desired trend</th>
<th>2005-06</th>
<th>2006-07</th>
<th>2007-08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved rail safety performance</td>
<td>Fatalities on the NSW rail network</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Passenger:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>No. Decrease</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Per million passenger journeys</td>
<td>Decrease 0.00</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Rail employee:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>No. Decrease</td>
<td>3</td>
<td>0</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Per million train kms</td>
<td>Decrease 0.05</td>
<td>0</td>
<td>0.03</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Incidents on the NSW rail network</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Running line derailment:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>No. Decrease</td>
<td>46</td>
<td>43</td>
<td>39</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Per million train kms</td>
<td>Decrease 0.77</td>
<td>0.72</td>
<td>0.63</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Running line collision between trains:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>No. Decrease</td>
<td>4</td>
<td>8</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Per million train kms</td>
<td>Decrease 0.07</td>
<td>0.13</td>
<td>0.10</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Level crossing occurrences:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>road vehicle collision:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>No. Decrease</td>
<td>9</td>
<td>8</td>
<td>5</td>
<td></td>
</tr>
</tbody>
</table>
**ITSRR’s intermediate results indicators**

Establishing robust result indicators provides vital regulatory intelligence to inform the delivery of ITSRR’s strategies.

The following reflects established indicators aligned to ITSRR’s results logic framework. ITSRR now has four years of corporate performance data with considerable effort expended to ensure that the suite of indicators used is appropriate to support regulatory tasks. ITSRR also measures its performance qualitatively, including specific reviews of programs and services.

In some cases, specific targets have now been set for 2008-09 to measure ITSRR’s progress in achieving its desired results and service delivery. In other cases ITSRR does not consider it appropriate, as an industry regulator, to set targets. Rather, it is the trends detailed by these indicators that provide ITSRR with the necessary information to assess the quality of its outputs and the responsiveness of industry.

The following provides summary data and analysis of selected key indicators. More indicators and information are detailed in the Corporate Program Results chapters of this report.

<table>
<thead>
<tr>
<th>Intermediate result</th>
<th>Results indicators</th>
<th>2004-05</th>
<th>2005-06</th>
<th>2006-07</th>
<th>2007-08</th>
<th>Comment</th>
<th>Target for 2008-09</th>
<th>More details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rail operators have safety management systems that effectively manage risks &amp; Rail operators have a continuously improving safety culture</td>
<td>Rail operator annual safety reports: No. and % received</td>
<td>n/a</td>
<td>40 (56%)</td>
<td>68 (93%)</td>
<td>59 (84%)</td>
<td>Whilst slightly lower than last year, operators demonstrating greater awareness of reporting requirements</td>
<td>90%</td>
<td>Page 33</td>
</tr>
<tr>
<td></td>
<td>% identifying self improvements</td>
<td>n/a</td>
<td>82</td>
<td>78</td>
<td></td>
<td></td>
<td>85%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>No. of enforceable actions required of rail operators by ITSRR that require escalation by ITSRR</td>
<td>n/a</td>
<td>n/a</td>
<td>1</td>
<td>2</td>
<td>Ongoing low level of contested regulatory directions, indicating ITSRR’s actions robust</td>
<td>Dependent on industry compliance</td>
<td>n/a</td>
</tr>
<tr>
<td></td>
<td>No. and % of recommendations from independent investigations into rail accidents closed by ITSRR</td>
<td>n/a</td>
<td>n/a</td>
<td>168 (56%)</td>
<td>200 (78%)</td>
<td>Improved result and on-track to achieve target for next year</td>
<td>n/a</td>
<td>Page 30</td>
</tr>
<tr>
<td></td>
<td>% of Waterfall recommendations verified by ITSRR as implemented (cumulative)</td>
<td>15%</td>
<td>75%</td>
<td>94%</td>
<td>95%</td>
<td>Waterfall reforms nearing completion</td>
<td>97%</td>
<td>Page 29</td>
</tr>
<tr>
<td></td>
<td>No. and % of statutory notices requested for review by rail operators (Improvement, Prohibition)</td>
<td>n/a</td>
<td>8 (10%)</td>
<td>2 (13%)</td>
<td>4 (17%)</td>
<td>Low number of appeals indicates industry acceptance of ITSRR enforcement actions</td>
<td>Cannot forecast</td>
<td>Page 34</td>
</tr>
</tbody>
</table>
ITSRR’s service indicators (operational measures)

Service indicators track activities undertaken providing vital information on resource allocation and utilisation, and highlight changes that have occurred to the regulatory services delivered. ITSRR’s service indicators are aligned to its results logic framework (see page 8). Key indicators are referred to here, with further measures outlined in the relevant corporate program chapter.

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of accredited operators</td>
<td>70</td>
<td>77</td>
<td>77</td>
<td>71</td>
<td>Mergers &amp; takeovers continued to impact on accreditation numbers</td>
<td>Dependent on industry changes</td>
<td>Page 31</td>
</tr>
<tr>
<td>No. of new accreditations</td>
<td>2</td>
<td>12</td>
<td>5</td>
<td>2</td>
<td>As above</td>
<td>Dependent on industry changes</td>
<td>Page 31</td>
</tr>
<tr>
<td>No. of variations to accreditation</td>
<td>80</td>
<td>43</td>
<td>29</td>
<td>3</td>
<td>Reduction expected due to new notification process</td>
<td>Will continue to be low.</td>
<td>Page 31</td>
</tr>
<tr>
<td>No. of notifications</td>
<td>n/a</td>
<td>n/a</td>
<td>53</td>
<td>25</td>
<td>Number received is subject to industry activity</td>
<td>Dependent on industry changes</td>
<td>Page 31</td>
</tr>
<tr>
<td>No. and % of audits completed</td>
<td>38</td>
<td>35</td>
<td>48</td>
<td>41</td>
<td>Completed required annual audits as well as minor shortfall from previous year</td>
<td>100%</td>
<td>Page 32</td>
</tr>
<tr>
<td>No. of compliance inspections completed</td>
<td>n/a</td>
<td>133</td>
<td>215</td>
<td>149</td>
<td>Resources allocated to more in-depth audits</td>
<td>Will increase as corporate priorities target specific rail safety areas</td>
<td>Page 32</td>
</tr>
<tr>
<td>No. of compliance investigations commenced</td>
<td>1</td>
<td>12</td>
<td>17</td>
<td>18</td>
<td>Stable as expected</td>
<td>Cannot forecast</td>
<td>Page 32</td>
</tr>
<tr>
<td>No. of compliance investigations completed (new)</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>7</td>
<td>Reflects complex lengthy process required for investigations</td>
<td>Will increase</td>
<td>Page 32</td>
</tr>
<tr>
<td>No. of visits to ITSRR’s website</td>
<td>64,930</td>
<td>83,658</td>
<td>151,684</td>
<td>241,733</td>
<td>Interest in proposed new legislation generating higher website visits</td>
<td>Remain stable or increase slightly</td>
<td>Page 37</td>
</tr>
<tr>
<td>No. of attendees at external seminars/ workshops</td>
<td>370</td>
<td>300</td>
<td>337</td>
<td>312</td>
<td>Result consistent with expectations</td>
<td>Expect to remain constant</td>
<td>Page 38</td>
</tr>
<tr>
<td>No. of statutory notices issued (Improvement, Prohibition, Provision of Information)</td>
<td>46</td>
<td>84</td>
<td>26</td>
<td>40</td>
<td>Number issued reflects findings of audits and compliance inspections</td>
<td>Cannot forecast</td>
<td>Page 34</td>
</tr>
</tbody>
</table>
Continuous improvement of key performance indicators (KPIs)

During the year, ITSRR continued its efforts to improve its KPIs. Activity in this area included working with other NSW transport regulators to assess the appropriateness of KPIs for the various regulatory tasks for each of the three modes rail, bus and ferry. Work is ongoing and will continue to be a focus for ITSRR in 2008-09.

This review was informed by an independent review commissioned by ITSRR of KPIs used by transport regulators in Australia and internationally. The review found that the performance indicators used by NSW transport regulators were equal to or better than those used by other transport regulators throughout the world whilst noting that further improvements can be made. For further information, see page 44.

Achievements against Corporate Plan 2007-08

In conjunction with the results logic framework, ITSRR’s Corporate Plan sets out specific priorities for each year. The following table provides an overview of ITSRR’s performance against its Corporate Plan priorities for 2007-08. It should be noted that while priorities are established for a particular year, they may cross over a number of years due to their complexity and the length of time required for the issues to be effectively addressed. Future directions are on page 16.
<table>
<thead>
<tr>
<th>Corporate Program</th>
<th>Corporate Plan 2007-08 priority</th>
<th>Achievement</th>
<th>More details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rail Safety Regulation (Cont.)</td>
<td>&gt; level crossing risks</td>
<td>Conducted six targeted compliance inspections and implemented corrective actions. Worked with the NSW Level Crossing Strategy Council. Researched better practice and current processes for level crossing management and recommended improvements.</td>
<td>Page 25</td>
</tr>
<tr>
<td></td>
<td>Work with the heritage sector to improve risk management practices and operational safety</td>
<td>Liaised with operators and developed strategy to further assist heritage operations meet their safety requirements. Conducted workshops.</td>
<td>Page 26</td>
</tr>
<tr>
<td></td>
<td>Implement the proposed amendments to NSW legislation to give effect to national rail safety reforms</td>
<td>Continued consultation in relation to the draft NSW Rail Safety Bill and regulations, releasing draft regulations for public comment.</td>
<td>Page 27</td>
</tr>
<tr>
<td></td>
<td>At the national level, provide leadership in the delivery of:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>&gt; National Safety Data Strategy for rail</td>
<td>Participated in a number of workshops at the national level to define and gain consensus on the required safety data strategy. Worked with industry on improving collection of data on precursor events and contributing factors to accidents.</td>
<td>Page 28</td>
</tr>
<tr>
<td></td>
<td>&gt; guidelines on regulatory requirements for the planning and implementation of major capital programs</td>
<td>Led analysis of good practice in the management of change by the rail industry with finalisation of guidance material now underway.</td>
<td>Page 28</td>
</tr>
<tr>
<td></td>
<td>&gt; framework for the development and maintenance of rail industry technical and operations standards</td>
<td>Provided input to the National Transport Commission in the development of a National Policy Statement on industry standards.</td>
<td>Page 28</td>
</tr>
<tr>
<td></td>
<td>Continue to deliver regulatory intervention strategies which are evidence and risk-based</td>
<td>Completed a number of strategic initiatives in areas such as: &gt; Rail Resource Management &gt; Safety culture assessment &gt; Improvements to risk profiling capacity.</td>
<td>Page 39</td>
</tr>
<tr>
<td></td>
<td>Provide advice to Government on the introduction of Automatic Train Protection technology in NSW from a safety perspective</td>
<td>Provided advice to RailCorp on the adoption of European technology and a trial in NSW.</td>
<td>Page 26</td>
</tr>
<tr>
<td>Corporate Program</td>
<td>Corporate Plan 2007-08 priority</td>
<td>Achievement</td>
<td>More details</td>
</tr>
<tr>
<td>-------------------</td>
<td>---------------------------------</td>
<td>-------------</td>
<td>-------------</td>
</tr>
<tr>
<td><strong>Strategic Coordination of Safety Across Transport Modes</strong></td>
<td>Introduce public reporting on the implementation of recommendations arising from independent investigation reports into rail, bus and ferry accidents</td>
<td>78% of recommendations from independent investigations on rail incidents closed out. An overall increase by 15% for implementation of rail, bus and ferry investigation report recommendations compared to the previous year.</td>
<td>Page 44</td>
</tr>
<tr>
<td><strong>Transport Service Reliability Advice</strong></td>
<td>Provide advice to Government on:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>&gt; existing and proposed public transport service levels and customer requirements in light of the NSW State Plan transport targets</td>
<td>Provided advice to Government based on ITSRR’s international research on purchaser-provider models for best practice procurement.</td>
<td>Page 52</td>
</tr>
<tr>
<td></td>
<td>&gt; the expected transport outcomes under the 2008 CityRail timetable</td>
<td>Given delays in introducing the CityRail timetable, ITSRR anticipates providing such advice in 2008-09.</td>
<td>n/a</td>
</tr>
<tr>
<td></td>
<td>&gt; RailCorp’s trial of Automatic Train Protection technology from a system performance perspective</td>
<td>Given limited progress by RailCorp in making a business case proposal, ITSRR anticipates providing such advice in 2008-09.</td>
<td>n/a</td>
</tr>
<tr>
<td><strong>Corporate Governance</strong></td>
<td>Build on strategic human resource strategies to attract, retain and skill ITSRR’s workforce</td>
<td>Introduced revised Performance Development and Evaluation Scheme. Continued postgraduate transport safety and professional development training. Developed and implemented mentoring for graduate trainees.</td>
<td>Page 62</td>
</tr>
<tr>
<td></td>
<td>Complete the development of ITSRR’s information systems and its integration into everyday business activities</td>
<td>Completed major build of the IT systems, delivering enhanced capacity to support daily regulatory activities.</td>
<td>Page 58</td>
</tr>
<tr>
<td></td>
<td>Achieve quality certification (ISO 9001) for ITSRR’s business systems for rail safety regulation</td>
<td>Launched new enhanced Corporate Management System to support future ISO certification.</td>
<td>Page 57</td>
</tr>
<tr>
<td></td>
<td>Build on ITSRR’s KPIs to support a robust performance management framework</td>
<td>Worked with NSW transport regulators to enhance current KPIs. Improved ITSRR’s reporting and record-keeping for current KPI framework.</td>
<td>Page 45</td>
</tr>
</tbody>
</table>
ITSRR’s detailed audited financial statements are on page 69. A summary of our financial results for the year is as follows:

**Budget**
The 2007-08 budget was $17 million in recurrent funds. An allocation of $320,000 in capital funding was also provided for the completion of the major build of ITSRR’s regulatory information system, including delivery of enhanced capacity.

**Operating result**
ITSRR’s actual net cost of services in 2007-08 was $16.1 million compared to $15.3 million in 2006-07, an increase of $544,000 or 5.3%. The result was consistent with previous years and within budget allocation.

Operating expenses in 2007-08 rose 6% compared with 2006-07. The largest cost increases were for employee ($673,000), legal ($316,000) and office accommodation ($140,000) expenses. Some of these increases were offset by savings in administration costs ($221,000), contractor costs ($143,000), and IT leasing & licences ($55,000).

ITSRR’s expenses of $16.5 million were $0.5 million below the budget of $17 million. This was largely due to saving in the legal services budget. During 2007-08 ITSRR’s expenditure tracked close to budget.

At $305,000 revenue was higher than the budget estimate by $202,000. The additional revenue resulted from the recovery costs from projects conducted in jointly with other government agencies. ITSRR does not generate income from the sale of goods and services. The bulk of revenue received is investment income earned on cash deposits.

For 2008-09 ITSRR has a budget of $16.9 million for net cost of services. For details of ITSRR’s corporate priorities using this funding, see page 16.

### Financial summary

#### Operating Result

<table>
<thead>
<tr>
<th>Year</th>
<th>Actual</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-08</td>
<td>16.5</td>
<td>17.0</td>
</tr>
</tbody>
</table>

#### Net cost of services

<table>
<thead>
<tr>
<th>Year</th>
<th>2005-06</th>
<th>2006-07</th>
<th>2007-08</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating expenses</td>
<td>14,955</td>
<td>15,515</td>
<td>16,451</td>
<td>+6.0%</td>
</tr>
<tr>
<td>Operating revenue</td>
<td>162</td>
<td>178</td>
<td>305</td>
<td>+71.3%</td>
</tr>
<tr>
<td>Net cost of services</td>
<td>14,793</td>
<td>15,337</td>
<td>16,146</td>
<td>+5.3%</td>
</tr>
</tbody>
</table>

#### Allocation of expenses

The allocation of expenses was consistent with last year. The majority of the $16.5 million in expenses relate to staff costs $11.3 million (budget – $12 million), other operating expenses $4.6 million (budget – $4.4 million) such as office accommodation, legal services, motor vehicle expenses, administrative costs as well as depreciation and amortisation of $550,000 (budget – $594,000).

#### Administered revenue

ITSRR collects accreditation fees from operators in NSW under rail safety legislation. During 2007-08 ITSRR collected $3.1 million in fees which contributed to consolidated Government revenue.
Future directions 2008-09

Our future operating context
The NSW State Plan sets the course for NSW transport service delivery for 2008-09 and beyond. ITSRR contributes to the following priorities in the Plan:

- increasing patronage on a safe and reliable transport system (Priority S6)
- greater satisfaction with Government services (Priority S8)
- reducing red tape (Priority P3).

ITSRR contributes to these priorities on three fronts – overseeing transport safety improvements in NSW that will encourage the community to increase patronage; working with governments and industry to develop and implement nationally consistent rail safety legislation; and providing informed advice that provides a basis for sound decisions on the sustainability of publicly funded transport networks.

New challenges external to ITSRR continue to emerge. These include:

- new policy frameworks at the national level, changing governance arrangements for State input and introducing new approaches to funding and implementation of major transport projects
- increasing investment in rail projects by rail operators and government, with ITSRR providing guidance to ensure safety is integrated into the parameters of the projects
- overcrowding on public transport services driven by factors such as fuel prices, placing greater demand on transport networks and heightening ITSRR’s role to provide high quality advice on transport network sustainability.

Corporate plan 2008-09 priorities
ITSRR’s future directions outlined below reflect our Corporate Plan priorities for 2008-09. Copies of the priorities are available on ITSRR’s website.

To meet our future challenges and enhance the effectiveness of the outcomes achieved by ITSRR, a new corporate program – Transport Safety Advice – has been included for 2008-09. This program incorporates the previous program of Strategic Coordination of Safety across Transport Modes, but is much broader in nature. It reflects the diversity of stakeholders that ITSRR interacts with and seeks to influence. A clear link between this new program and the regulatory pyramid (see page 33) is evident through the need to both educate and create awareness for industry in the adoption of better and more appropriate safety management processes.

Rail Safety Regulation
The following priorities reflect what ITSRR believes are the significant safety issues that can be effectively addressed within its regulatory role. They are based on ITSRR’s primary role of ensuring rail operators have safety management systems that effectively manage risk. Complementing this is the need to ensure that the rail industry adopts a continuously improving safety culture. By doing so, the rail industry ensures that current and future risks are addressed using the latest knowledge and technology.

1. Focus ITSRR’s research program; education and awareness activities; and audit and compliance programs to improve safety outcomes in relation to the following specific safety issues:

   - the safeworking arrangements for work on track and worksite protection practices
   - the governance of contractor safety management
> change management processes
> management of overcrowding on passenger services
> engineering standards for rolling stock and infrastructure
> the management and investigation of incidents resulting from Signals Passed at Danger.

2. Work with heritage operators to achieve compliance with new requirements in implementing their safety management systems.

3. Enhance the effectiveness of ITSRR’s compliance inspection activities by providing staff with improved in-field toolkits and training opportunities.

4. Review ITSRR’s requirements for safety data and work with the National Transport Commission to ensure these needs are fed into the National Data Strategy.

Transport Safety Advice

Priorities established for this program reflect ITSRR’s role to advise and support the NSW Government on transport safety issues, to strategically coordinate safety regulation across the rail, bus and ferry sectors and to be active in influencing national approaches and strategies for rail safety.

1. Provide advice to stakeholders about the management of level crossing risk at the state and national levels.

2. Provide advice to governments on industry’s progress in adoption of new technology for train management and protection.

3. Publish a paper and conduct industry seminars on international research on better practice in the management of worksite protection; signals passed at danger; contractor management; compliance with infrastructure standards; and level crossing risks.

4. Evaluate the outcomes of ITSRR’s current function on the strategic coordination of safety regulation for rail, bus and ferry services.

Transport Service Reliability Advice

Priorities for transport service reliability issues reflect the broad range of advice required for Government. They cover the performance of publicly funded transport providers, the implications of managing new transport projects and improvement strategies to deliver better performance and increased value for NSW on public transport.

1. Advise the NSW Government on:
   > key reliability issues to be considered in the future of the Country Regional Network
   > development of a new Rail Performance Agreement based on ITSRR’s international research
   > surveys and analysis required to assess bus operational performance
   > the reliability implications of the draft National Transport Plan.

2. Provide regular public reporting on the performance of CityRail.

3. Implement an annual survey of metropolitan bus customers.


Corporate Governance

Priorities under the Corporate Governance program aim to provide enabling support services for the above three key programs.

1. Build workforce capacity through enhanced focus on recruitment, performance management and the development of staff.

2. Build on the quality, integrity and use of information resources by ITSRR.


4. Develop and implement a stakeholder engagement plan to enhance ITSRR’s communication with stakeholders and its regulatory effectiveness.

Program delivery structure for 2008-09

To support delivery of these ambitious priorities during 2008-09, including the corporate priorities listed for the new program of Transport Safety Advice, changes to the organisational structure and position titles will be implemented in August 2008.

Major changes include grouping the policy function with the research and development function in the renamed Policy and Strategy Division (previously Transport Regulation Strategy) and establishing a clear alignment of the outputs of this Division with the activities and strategies of the renamed Transport Safety Regulation Division (previously Rail Safety Regulation). These actions will increase the effective delivery of the Rail Safety Regulation Program. A further change is a new role of Deputy Executive Director Transport Safety Regulation which is assigned to the Executive Director Policy and Strategy to better integrate corporate program activities that span the two divisions.

The following provides a brief summary of the roles of ITSRR Divisions in delivering the three core programs and the priorities allocated for them for 2008-09. The Corporate Governance program enables the delivery of all corporate programs and is contributed to by all divisions.

Rail Safety Regulation

Transport Safety Regulation Division (TSR) continues to lead delivery of results for this Program through the accreditation of rail operators and the conduct of audits and compliance inspections to ensure that the standards specified for accreditation are complied with. Where
unsatisfactory safety performance is identified, the division initiates formal investigations and/or takes statutory enforcement actions. The division also monitors emerging major issues within industry to inform safety regulation strategies as well as monitoring industry performance regarding drug and alcohol and fatigue management.

**Policy and Strategy Division (PSD)*** supports the TSR Division in the delivery of this program’s results. The Executive Director PSD undertakes a specific leadership role working closely with the Executive Director TSR in determining strategies and progressing initiatives under the program. This leadership role is related to the regulatory strategy function of tracking and analysing data on safety and precursor incidents to identify areas for improvement that require either field review or other compliance action by TSR Division. The division also contributes to the program through its strategic communication activities which alert industry to specific safety issues and supports transparency and awareness of ITSRR’s safety regulatory activities.

**Service Reliability Division (SRD)** supports this program through its analysis of the sustainability of publicly funded transport operators assets using the information obtained to highlight to TSR potential safety risks that should be reviewed. The Executive Director Service Reliability will also undertake a leadership role in the delivery of the corporate priority for 2008-09 on management of overcrowding on trains.

**Transport Safety Advice**

**Policy and Strategy Division** has the lead role for the delivery of results under this program. It undertakes research using resources and data generated across ITSRR to identify opportunities for improvement in safety outcomes. This information is used as a basis for communicating with stakeholders. This includes liaising with the transport industry, strategic communication with NSW transport safety regulators and providing specialist advice to governments on specific safety issues. The Executive Director Policy and Strategy also considers requests by industry for review of statutory notices issued by TSR field staff.

**Transport Safety Regulation Division** contributes to the program by articulating specific findings from its audits, compliance inspections and formal investigations, which are communicated to and reviewed by the Policy and Strategy Division. This is complemented by the knowledge gained in reviewing major change projects in the rail sector, which together with the day-to-day interaction that occurs with rail industry stakeholders, generates the capacity to identify and provide advice on industry perspectives for the key results targeted under this program.

**Service Reliability Division** contributes to this program given the strong link between safety and reliability. It does this through its analysis of the sustainability of Government funded assets, with particular emphasis during 2008-09 on providing advice on proposals to introduce new technology for train management and protection.

**Transport Service Reliability Advice**

**Service Reliability Division** leads this program through its provision of research, monitoring, analytical and reporting services on the sustainability of publicly funded assets and delivery of transport services.

ITSRR monitors the way operators address safety issues in the design, construction, operation and maintenance of rail infrastructure.
The following industry overview provides summary information on the rail industry and public transport services in NSW. More information is included in ITSRR’s reports on rail industry safety and transport service reliability which are available on ITSRR’s website www.transportregulator.nsw.gov.au.

There are separate safety regulators for rail (ITSRR), bus (Ministry of Transport) and ferry (NSW Maritime) services. More information on safety in these modes can be found in the annual reports of these agencies.

ITSRR provides strategic coordination of safety regulation between these regulators and undertakes service reliability reporting across transport modes.

**Rail**

**Background**

For ITSRR’s purposes, railways are defined as ‘guided systems designed to transport passengers or freight on a railway track with gauge of more than two feet (or 609 mm) and related infrastructure’. This includes heavy rail systems of RailCorp, Pacific National and the Australian Rail Track Corporation (ARTC) as well as light rail and monorails. The heavy rail sector in NSW comprises four segments:

> **below-rail** or track and infrastructure networks
> **above-rail** or fleet and train operations on the networks
> ancillary facilities including terminals, stations and sidings
> support services such as construction and maintenance of infrastructure.

**Below-rail**

There are four ‘below-rail’ networks in NSW:

> The Metropolitan Rail Area (MRA) is centred in Sydney and controlled by RailCorp. It comprises 1,980km of track, sidings and yards. The MRA is mainly used by CityRail urban passenger trains and also services national freight transport.
> The Hunter Valley network is 534km in length and runs to the port of Newcastle. It is controlled by the Australian Government’s ARTC and mainly used for coal freight.
> The Defined Interstate Rail Network (DIRN) in NSW is also controlled by ARTC covering some 3,291km of track. The DIRN extends beyond NSW and connects the Metropolitan Rail Area with the other mainland State capitals. It is used primarily for industrial freight transport as well as long distance passenger trains including CountryLink.
> The Country Regional Network (CRN) is 3,025km in length and is controlled by the NSW Government’s Rail Infrastructure Corporation. The main traffic on this network is bulk commodities including grain.

**Above-rail**

The ‘above-rail’ segment comprises rail fleets for passenger and freight tasks.

The passenger segment is dominated by RailCorp’s CityRail. This is a commuter railway with 1,600 carriages, 304 stations and around 2,700 services per weekday. CountryLink, also owned by RailCorp, is the principal provider of long distance passenger rail services with 16 daily services.

Heritage railways also carry passengers in NSW. Operators include Perisher Blue Ski Tube and Zig Zag Railway. Some operators use their own track, while others operate on the MRA and the DIRN.

In NSW the largest freight task is coal haulage in the Hunter Valley. Pacific National is the biggest rail freight hauler in NSW.

**Rail facilities**

Rail facilities include stations, terminals and private line connections to the networks. Nearly all stations in NSW are controlled by RailCorp. The light rail and monorail tracks and facilities in Sydney, including respective stations, are controlled by Veolia.

Some terminals are owned by above-rail freight operators, for example Sydney Freight Terminal, Chullora is owned by Pacific National. Other terminals are controlled by third parties, for example Port Waratah (Newcastle) by Port Waratah Coal Services. Privately owned lines and sidings connected to the NSW network include ‘balloon loops’ from coal mines, grain silo sidings and lines in industrial areas such as Port Kembla.

**Support services**

Organisations that construct or maintain infrastructure or rolling stock also need to comply with the Rail Safety Act 2002. A substantial amount of maintenance is conducted in-house by operators as well as contracted out.

**Regulation**

The rail industry in NSW is regulated for safety under the Rail Safety Act 2002. ITSRR is the State’s rail safety regulator. It implements and enforces the Act in line with national approaches under national model rail safety legislation and regulations agreed to by the Australian Transport Council.
**Bus, coach and charter industry**

**Background**
There are three categories of vehicles in this industry – bus, coach and charter. Each is defined under the *Passenger Transport Act 1990*. Industry participants own bus depots and terminus facilities. Bus stops are owned by various organisations including local and State governments. Bus, coach and charter (long distance) operators also undertake vehicle maintenance but do not build buses.

**Bus**
Buses are defined under the Act as buses conveying passengers along regular routes on journeys of less than 40km. Bus operators are required to hold a statutory contract by the Ministry of Transport. These contracts generally grant exclusive rights to operate in a particular region.

There are three sectors in the bus segment with corresponding regions:
- metropolitan
- outer metropolitan
- rural and regional buses in, for example, country towns.

In each of these sectors, bus operators carry fare paying passengers on regular route services as well as school students.

The State Transit Authority, a NSW Government authority, is the largest bus operator in NSW. Privately-owned bus operators also provide services in Sydney, Wollongong and regional centres.

**Coach and charter**
The coach segment of the industry conveys passengers on buses along regular routes on journeys of more than 40km. The charter segment of the industry conveys passengers on buses other than on regular routes.

**Regulation**
Bus services are regulated for safety (and other performance factors) under the *Passenger Transport Act 1990*. The Ministry of Transport administers the Act.

The Act requires all participants in the industry – bus, coach and charter operators - to be accredited. Conditions of accreditation include a requirement to implement a safety management system. Drivers of buses in these segments are required to hold a Driver Authority by the Ministry of Transport and the appropriate licence with the Roads and Traffic Authority.

**Ferries**

**Background**
In NSW, ferry services include regular route and tourist services on Sydney Harbour, Parramatta River, Broken Bay, Port Hacking, Clarence River and Newcastle. The industry operates from wharves owned by various organisations including ferry operators, local government and NSW Maritime. Fleet maintenance is undertaken by ferry operators and shipyards.

**Ferry route services**
Ferry operators are required to hold a statutory contract awarded by the Ministry of Transport.

The ferry segment is a substantially smaller mode than the passenger rail or the bus sector. There are a number of operators in NSW. Sydney Ferries Corporation, a NSW Government State Owned Corporation, is the dominant operator.

**Regulation**
Overview

Program 1: Rail Safety Regulation 22
- accreditation
- auditing
- monitoring
- enforcement
- education
- development of legislation and policy

Program 2: Strategic Coordination of Safety across Transport Modes 42
- liaison with NSW transport regulators on safety regulation

Program 3: Transport Service Reliability Advice 48
- advisory services to Government industry and the community on publicly funded transport service reliability and sustainability

Program 4: Corporate Governance 54
- corporate performance management
- learning and development
- corporate planning and reporting
- information technology
- knowledge management
- financial management and environmental actions
Program description
Rail Safety Regulation is the program that fulfills ITSRR’s primary role as the NSW rail safety regulator. It drives the awareness, compliance and enforcement activities required to implement the safety requirements for rail operators under the Rail Safety Act 2002.

Program’s intended results
The diagram to the right outlines the intended results that ITSRR works towards in its role as the NSW rail safety regulator. Combined with ITSRR’s annual priorities for 2007-08, the results logic framework sets the context in which to review this program’s achievements.

Program services
> Accreditation of railway operators
> Compliance and enforcement actions
> Policy development, legislative reform and preparation of guidance for rail operators
> Education and awareness activities
> Production of public reports on safety performance
> Research and data analysis to identify safety trends and areas for improvement in safety regulation in NSW

Focus areas
This chapter is structured around the following areas of activity linked to ITSRR priorities:
> Operational safety issues (page 24)
> Working with NSW rail heritage operators (page 26)
> New train technologies (page 26)
> NSW rail safety reforms (page 27)
> National rail safety reforms (page 27)
> Implementation of recommendations from the Waterfall rail accident inquiry’s report (page 28)
> Implementation of recommendations from independent investigation reports (page 30)
> Regulatory practice (page 31)
> Research and development (page 39).
Program context
ITSRR is a statutory authority responsible for regulating the safety of passenger and freight rail operations in NSW. It administers the NSW Rail Safety Act 2002 which establishes requirements for rail safety management and an accreditation scheme for rail operators. ITSRR monitors rail operators’ compliance with these requirements and where appropriate enforces them in order to meet community expectations and maintain public confidence in the NSW rail system.

Rail operators are responsible for managing risks to rail safety by identifying and implementing the most effective and efficient solutions via safety management systems. The granting of accreditation to a rail operator by ITSRR is an acknowledgement that the operator has demonstrated it possesses the systems, capacity and competency to manage risks arising from its rail operations.

During 2007-08, ITSRR carried out its role in an environment of state and national legislative reform, substantial government and industry investment in upgrading rail services and infrastructure in NSW, and continuing community and Government focus on rail safety and public transport service levels.

Stakeholders
Key stakeholders for this program include accredited rail operators and railway associations, rail employees and unions, the Rail Safety Regulators Panel (comprising representatives from State and Territory rail safety regulators), the National Transport Commission, Australian Transport Council, the Australian Transport Safety Bureau, the NSW Office of Transport Safety Investigations, WorkCover, the NSW Government through the Minister for Transport, and the NSW Parliament and public commuters.

Budget
During 2007-08 ITSRR allocated 57% of total expenses to the Rail Safety Regulation program which funded 41 staff.

Priorities 2007-08
> Target the following issues with rail operators – worksite protection; signals passed at danger (SPADs); contractor management; compliance with infrastructure standards; and level crossing risks (page 24)
> Work with the heritage sector to improve risk management practices and operational safety (page 26)
> Implement the proposed amendments to NSW legislation to give effect to national rail safety reforms (page 27)
> At the national level, provide leadership in the delivery of:
  • National Data Strategy for rail (page 28)
  • guidelines on regulatory requirements for the planning and implementation of major capital programs (page 28)
  • a framework for the development and maintenance of rail industry technical and operations standards (page 28)
> Continue to deliver regulatory intervention strategies which are evidence and risk-based (page 39)
> Provide advice to Government on the introduction of Automatic Train Protection technology in NSW from a safety perspective (page 26)

Achievement highlights
Key achievements for this program in 2007-08 were as follows:
> Conducted compliance inspections targeting the safety priorities outlined for 2007-08, with appropriate action taken to address identified performance issues (page 24)
> Developed and distributed a Rail Resource Management training toolkit to assist industry in reducing human errors and the consequences for rail safety workers (page 39)
> Provided targeted assistance and development of a strategy for heritage operators to implement new rail safety requirements (page 26)
> Led national development of guidelines for safety management systems and administration of accreditation that were subsequently endorsed by the Australian Transport Council (page 27)
> Developed a national audit tool that was endorsed by the Rail Safety Regulators Panel (page 27)
> Provided significant contribution and leadership in the revision of the rail safety data occurrence notification scheme ON-S1 by the Rail Safety Regulators Panel, culminating in the release of a revised notification standard and a new classification guideline (page 40).
Each year ITSRR identifies rail safety priorities and other activities for particular focus whilst maintaining a capacity to identify and respond to emerging safety issues throughout the year.

This approach enables ITSRR to identify and target specific operational safety issues where there is evidence of actual or potential negative safety outcomes, establish a program of safety reforms and prioritise other areas on which to focus so that resources are utilised effectively.

1. Operational safety issues

Based on analysis of information from a range of sources including incident trend data, recommendations from investigation reports (e.g. the Waterfall Inquiry, Office of Transport Safety Investigations reports), and outcomes of ITSRR's own audit and inspection programs, ITSRR targeted the following operational safety issues (corporate priorities) with rail operators:

Worksite protection
Worksite protection refers to the systems and procedures that railway operators put in place to prevent workers or their equipment being struck by trains when work must be done on or about the tracks.

During 2007-08 ITSRR conducted 19 compliance inspections in 2008-09. Such information will inform ITSRR's compliance inspections in 2008-09.

Signals passed at danger (SPADs)
Signal passed at danger (SPAD) is an event where a train has travelled past a signal that requires it to stop. Most SPADs occur at low speed where braking distance has been misjudged and the train can subsequently be stopped within a safety overlap area.

However in situations where sufficient braking may not be achieved and the train may continue to run a significant distance beyond the required stopping point. Such incidents have been the cause of major railway accidents and damage to railway infrastructure around the world.

To inform its advice to industry on the reduction of the incidence of SPADs, ITSRR has undertaken research to identify:

> better practice in SPAD management
> any relationship between fatigue and the occurrence of SPADs
> signals on the interstate rail network at which multiple SPADs have occurred.

ITSRR has also reviewed operators risk management arrangements in relation to SPADs and operators responses to near miss incidents. Further information is on page 39.

Contractor management
Railway operators commonly engage contractors to undertake rail safety work. Operators are required to ensure that the safety aspects of contract work are adequately defined within contracts and that the performance of contractors in relation to those requirements is actively monitored.

A significant area of non-compliance was that some railway operators were not taking an appropriate level of responsibility for contractors and expecting contractors to make their own arrangements to work safely.

Another area of non-compliance was that some infrastructure managers were not inspecting and signing off on work performed by contractors. Operators were issued with the relevant enforcement actions which ITSRR will continue to monitor in 2008-09.

During the year ITSRR reviewed how similar railways overseas manage contractors and procurement to identify better practices. Examples of better practice will be published during 2008-09.

Compliance with infrastructure standards
Infrastructure standards set the parameters for safe management and use of railway infrastructure. ITSRR inspected infrastructure at over 70 locations throughout the year to assess the level of adherence to standards by infrastructure managers. As a result, ITSRR has directed a number of
operators to upgrade and/or maintain ageing infrastructure and ensure ongoing effective management of infrastructure condition.

ITSRR also reviewed operator risk management approaches related to infrastructure defects. Where a serious near miss or a higher than normal number of near misses was detected, ITSRR issued the appropriate enforcement actions to ensure operators made the necessary improvements to achieve compliance with legislative safety requirements. ITSRR will monitor ongoing compliance in 2008-09.

Level crossing risks
Level crossings are the point at which road and rail meet and represent significant potential danger for both road and rail users. The NSW Level Crossing Strategy Council (LCSC) is an inter-agency forum which provides coordination between agencies and promotes railway level crossing safety. The LCSC is chaired by the Ministry of Transport and comprises road, rail and regulatory bodies with responsibilities for the safety of railway level crossings in NSW, including:

- NSW Roads and Traffic Authority
- NSW Local Government Association and Shires Associations
- NSW rail infrastructure managers (Australian Rail Track Corporation, Rail Infrastructure Corporation and RailCorp)
- NSW Police Force
- ITSRR.

During 2007-08 ITSRR, with the assistance of its Advisory Board, undertook a review of how the LCSC allocates resources to mitigate level crossing risks under the Level Crossing Safety Improvement Program (LCSIP). The results of the review were reported to the LCSC in May 2008. In developing the report, ITSRR and its Advisory Board:

- analysed NSW level crossing incident data and compared this with outcomes from the application of ALCAM to level crossings in NSW
- considered a number of strategic principles which might guide the LCSC in its process of prioritising level crossings for upgrade.

The key recommendations of ITSRR's report were that the LCSC:

- develop a statewide strategy for level crossing closures and upgrades
- commission a technical review of the ALCAM by people with appropriate skills in mathematics and risk modelling.

To further facilitate the management of level crossing risks, ITSRR has commissioned the development of a level crossing human factors toolkit. The toolkit will assist incident investigators collect better data on human factors issues associated with level crossing accidents and inform the further refinement of level crossing risk mitigation strategies.

ITSRR conducted six compliance inspections targeting level crossing risks during 2007-08. Areas of non-compliance included failure to comply with engineering commissioning standards and failure to comply with legislation on the competency certification of contractors. ITSRR issued the appropriate enforcement actions to improve these areas and will monitor ongoing compliance during 2008-09.

Highlights from Rail Industry Safety Report 2007-08

The Rail Safety Act 2002 requires ITSRR to submit an annual Rail Industry Safety Report to the NSW Minister for Transport.

The Rail Industry Safety Report 2007-08 summarises rail safety incidents on the NSW rail network during the year and also considers historical trends over a 10-year period. The key findings from this year’s report are:

- the number of rail-related passenger and public fatalities in 2007-08 was at, or close to, the lowest of the last 10 years
- two track workers were killed in a single incident in 2007-08 when they were struck and fatally injured by a northbound coal service at Singleton
- there was a decreasing trend in the number of trespasser/suicide-related fatalities over the last 10 years
- there was a decreasing trend in the number of running line derailments over the last 10 years
- there was a decreasing trend in the number of collisions between trains and road vehicles at level crossings over the last 10 years
- there was a long-term increasing trend in on-train fires over the last 10 years. The increase was due largely to acts of vandalism on passenger trains.

Several other incident categories showed increases in 2007-08 compared to previous years, for example, assault and some rollingstock irregularities. However, rather than signalling a deterioration of rail safety, these increases were largely the result of changes in reporting requirements for these types of incidents and improvements in detecting and recording incidents.

The number of incidents for many key safety incident categories in 2007-08 remained consistent or lower than that observed historically. Despite this, some types of incidents were of concern due to the nature of individual events or an apparent inability to further reduce the number of incidents over time. Examples include track work protection and some load-related irregularities. ITSRR will continue to monitor such incidents and work with industry to improve the situation.
2. Working with heritage operators

A corporate priority for ITSRR during 2007-08 was to work with the heritage sector to improve risk management practices and operational safety. Heritage railway operations make an important contribution to the community and the cultural heritage of NSW and are often undertaken largely by volunteers on a not-for-profit basis. This poses particular challenges for these railway operators in improving risk management practices and operational safety.

In November 2007, ITSRR released a discussion paper on safety regulation of heritage railway operations which proposed a number of strategies to assist heritage railway operators meet their rail safety obligations. Seventeen submissions were received in response to the discussion paper.

Taking into account this feedback, ITSRR developed a strategy for safety regulation of heritage railway operations. To implement the strategy, ITSRR will conduct the following work in 2008-09:

- Categorise heritage operators according to three groups – mainline operators; isolated line operators; and museums (no passenger operations or rolling stock movements with public in attendance) to allow more tailored regulation of their activities
- Conduct workshops for heritage railway operators on how ITSRR regulates, risk management and governance
- Develop a mentoring program for heritage railway operators
- Investigate with funding providers potential improvements to funding frameworks to promote safety
- Develop a Heritage Information Pack for ITSRR staff to promote a consistent approach to and understanding of the regulation of heritage operators.

While the bulk of this work program will be undertaken in 2008-09, preparatory work has been largely completed including:

- The development of guidance for heritage operators on risk management and corporate governance
- Conduct of a pilot workshop on how ITSRR regulates, risk management and governance. Eleven representatives from four heritage railway operators attended. The pilot workshop was designed to test the usefulness of the draft guidance material and provide an opportunity for heritage operators to apply the risk management processes described with the guidance of an expert. Feedback from the pilot workshop was overwhelmingly positive. Further workshops will be undertaken during 2008-09.

3. New train technologies

A corporate priority for ITSRR in 2007-08 was to provide advice to Government on the introduction of Automatic Train Protection (ATP) technology in NSW from a safety perspective.

ATP systems are a means of preventing train collisions by ensuring that trains do not travel outside the area in which they are authorised to travel and at speeds that are appropriate for the relevant section of track. The system works by firstly warning the driver that action is required to slow or stop the train, and if the driver fails to respond, the system intervenes to slow or stop the train. Through providing an additional level of protection from collision, ATP has potential safety and capacity benefits to the railway. The introduction of ATP typically requires a large capital expenditure.

In order to provide advice to Government on ATP during 2007-08, ITSRR:

- Performed a study looking at the potential capacity benefits ATP technology could provide
- Reviewed RailCorp’s safety change plan and test plans for a trial of ATP
- Prepared a paper on key issues for the economic analysis of ATP.

In each case the outcomes of the work were provided to RailCorp for its consideration when developing its own proposals and advice to government on ATP. ITSRR will continue its work on this issue during 2008-09.
4. NSW rail safety reforms

Another corporate priority for ITSRR during 2007-08 was the implementation of proposed amendments to NSW legislation to enact national rail safety reforms.

During the year ITSRR continued to develop and undertake consultation in relation to the draft NSW Rail Safety Bill and supporting regulations. Following a period of public comment in March 2007, ITSRR provided detailed responses on the issues raised in submissions. These were published on the ITSRR website in August 2007.

The draft Rail Safety (General) Regulations and draft Rail Safety (Drug and Alcohol Testing) Regulation were released for public comment during September-October 2007. ITSRR published its responses to the submissions on its website in April 2008.

During the consultation period, industry stakeholders expressed concern about the form of the general safety duty within the proposed legislation. ITSRR has been working with these stakeholders to resolve their concerns and also sought advice from the National Transport Commission (NTC).

The NTC confirmed that the proposed NSW Bill and Regulations – including the formulation of the general safety duty – are consistent with decisions made by the Australian Transport Council (ATC) and the approved National Model Rail Safety Bill 2006 (more details on national issues in the following section).

Whilst it had been anticipated that the new legislation would be enacted during the year, some delay was necessary to address issues raised by industry. It is expected that the new legislation will commence operation during 2008-09.

5. National rail safety reforms

In 2003, the Inter-Governmental Agreement for Regulatory and Operational Reform in Road Rail and Inter-modal Transport requested the NTC to develop reforms to improve and strengthen the co-regulatory system for rail safety, including the development of national model rail safety legislation. This national model legislation was endorsed by the ATC in 2006-07.

The program of national reform also includes the development of supporting guidelines for both industry and rail safety regulators to ensure consistent interpretation and implementation of the national model legislation across jurisdictions.

National rail safety guidelines

During 2007-08 ITSRR continued to work with the NTC, rail safety regulators and in consultation with industry on the development of national rail safety guidelines that support the implementation of the new rail safety laws. These guidelines cover the following issues:

- safety management systems accreditation
- the requirement to manage safety So Far As Is Reasonably Practicable
- compliance and enforcement
- uniform administration of accreditation
- fatigue management.

ITSRR led the development of the guidelines for safety management systems and uniform administration of accreditation. These guidelines were endorsed by the ATC and were subsequently published by the NTC in June 2008.

Following the release of the national guidelines, ITSRR took a leading role in several projects on behalf of the Rail Safety Regulators Panel (the RSRP comprises all States and Territories rail safety regulators) which will further promote the consistent application and interpretation of the national model legislation across the jurisdictions.

This work included:

- reviewing and updating the National Audit Tool which provides a comprehensive set of questions to be used when conducting audits of rail safety management systems. The revised audit tool was endorsed by the RSRP in May 2008
- developing a national accreditation application form and supporting guidance. This work was ongoing at 30 June 2008
guidance on safety performance reports which rail transport operators are required to submit to the rail safety regulator in jurisdictions where they operate. This project was ongoing at 30 June 2008

> guidance for rail transport operators and contractors on safety management obligations in contracting situations

> communications protocols for rail safety officers that elaborate on the processes contained within the National Rail Safety Guideline for the Uniform Administration of Accreditation. The protocols have been endorsed by the Rail Safety Regulators Panel and are to be published by the Panel in 2008-09

> a set of sample accreditation notices to assist rail safety regulators develop their notices required under the new national rail safety legislation

> guidance on the regulatory meaning and requirements for “effective management and control” of railway operations. This project was ongoing at 30 June 2008 and is expected to be finalised early in 2008-09

During 2007-08 ITSRR also undertook to provide leadership at the national level in the delivery of the following:

National data strategy for rail

The NTC has been asked by the ATC to develop a national data strategy for the rail industry. The strategy is intended to provide a comprehensive framework for the collection, analysis and use of rail safety data. During the year ITSRR participated in a number of regulator and industry workshops to refine and gain consensus on the strategy. ITSRR also worked with industry to prepare a paper on how to better capture data on precursor events and contributing factors to accidents. ITSRR will help implement the strategy in 2008-09.

ITSRR continues to strengthen its own reporting of industry data in its Rail Industry Safety Report 2007-08, available on ITSRR’s website and in hard copy.

Safety issues in major capital projects

Major capital projects provide opportunities for improving safety through eliminating or minimising safety risks at the design stage.

In April 2008, ITSRR’s Advisory Board led a workshop involving a multi-disciplinary discussion on what is ‘good practice’ in the regulation of major change. This included how major change projects should be regulated under the existing Rail Safety Act 2002 and the proposed national model rail safety legislation.

The workshop assisted ITSRR to better understand the regulatory requirements for the planning and implementation of major capital programs. This is due for completion in 2008-09. ITSRR is also examining whether the regulatory framework needs to be amended to address issues associated with managing major change.

Framework to develop and maintain rail industry technical and operations standards

This reform enables recognition of industry standards as having been developed within a quality framework. It does not provide rail safety regulator endorsement of the technical detail within the standard. Operators will still need to identify the risks that have arisen or may arise from their railway operations and undertake an assessment of the suitability of the proposed standards for the specific context in which the operator intends to apply it. Operators will remain responsible for ensuring that the standards applied adequately address the risks they are intended to control.

During the year, ITSRR continued to support the NTC in developing the National Policy Statement on the Recognition of Industry Developed Standards for Rail Safety. The NTC intends to submit the Statement to the ATC for consideration and approval in 2008.

On behalf of the Rail Safety Regulators Panel, ITSRR is also undertaking an analysis of the Rail Industry Safety and Standards Board standard development process to ascertain if it meets the requirements of the National Policy Statement.

6. Implementation of recommendations from the Waterfall rail accident inquiry

The final report of the Special Commission of Inquiry into the Waterfall Rail Accident was released in January 2005. The report made 127 recommendations involving 177 specific safety or regulatory actions.

ITSRR was tasked with monitoring the implementation of Waterfall Inquiry recommendations and reporting quarterly to Parliament on progress. During 2007-08, ITSRR published quarterly reports in October 2007 and January, April and August 2008. All quarterly progress reports are available on ITSRR’s website.

As at 30 June 2008, 168 recommendations (95% of the total) were verified and closed. During the year, ITSRR closed out Recommendation 53 relating to train stabling. Verification activities confirmed that RailCorp has a process whereby trains are inspected upon stabling and that any faults found are reported. RailCorp has also implemented an audit program to verify that the new process is followed by train crew.

Nine recommendations – 5% of the total – remain to be implemented. Of these, three were claimed for closure by agencies at the end of June 2008 and will be verified by ITSRR during the July-September 2008 quarter. The remaining six recommendations are of a longer term nature requiring the implementation of new technology or the development of national standards.
Recommendations on which implementation is continuing:

> Standards for rollingstock
Recommendation 30 relates to the setting of standards for the design, manufacture, testing and commissioning of rollingstock to ensure that it is fit for purpose. The draft NSW Rail Safety Bill and supporting regulations include a regulation that meets the intent of this recommendation. In the interim, the requirements of these draft regulations are already being implemented in NSW through a mandatory Safety Management System Guideline introduced by ITSRR.

> Introduction of Automatic Train Protection (ATP)
ATP systems are more advanced technologies which can automatically override a driver if the train is behaving in an unauthorised way. This recommendation requires a detailed analysis of options for improved ATP systems for the NSW network. RailCorp recently completed a pilot trial of the European Train Control System (ATP) technology on the Blue Mountains Line and will provide a business case for submission to Government.

> Standards for the collection and use of data from data loggers
Recommendations 36 and 37 on the development of model regulations for data loggers were referred to the NTC for inclusion in their 2008-09 work program. Data loggers record information on rollingstock operations, including speed during a journey and provide investigators with information to assist in understanding the causes of accidents or incidents. ITSRR will work with the NTC in the development of these regulations.

Definition
This indicator monitors the overall implementation of the Special Commission of Inquiry into the Waterfall Rail Accident Report that was released in January 2005. The report listed 177 safety or regulatory actions to be implemented by RailCorp, ITSRR and other agencies.

Result
Total Waterfall recommendations implemented (cumulative)

Comment/analysis
This result reflects the adherence to scheduled timeframes by a number of stakeholders, including monitoring and enforcement activities of ITSRR. The near complete implementation of recommendations from the Inquiry reflects a positive investment in safety by rail operators and agencies. The recommendations often require considerable investment and effort to implement and can span several years to fully address. Implementation of the recommendations is driving changes in safety culture and continuously improving risk management in rail operations. This will underpin the delivery of sustainable improvements in rail safety into the future.

Forecast
ITSRR anticipates 97% of Waterfall recommendations will be implemented in 2008-09, with the remainder requiring longer to complete given that they involve either new technologies or the development of national regulations or standards.
Compatibility of communications systems

Recommendation 38 seeks to ensure that all train drivers, train controllers, signallers, train guards and supervisors of trackside work gangs are able to communicate using the same technology. To achieve this it is necessary to introduce national communications technical standards. Such technical standards are expected to be implemented by 2010. Implementation involves developing a single standard for the design, installation and the use of communications equipment.

Communications protocols and procedures

Recommendation 43 concerns the mandating of national communication terminology, protocols, and procedures through regulations. The NTC conducted a regulatory impact assessment of this recommendation and concluded that it is not appropriate to mandate these requirements through regulations. The Australasian Railway Association will achieve the desired national consistency of these requirements through the implementation of its Australian Network Rules and Procedures project. ITSRR considers that these arrangements represent an acceptable alternate response to this recommendation.

6. Waterfall inquiry (continued)

> Compatibility of communications systems

Recommendation 38 seeks to ensure that all train drivers, train controllers, signallers, train guards and supervisors of trackside work gangs are able to communicate using the same technology. To achieve this it is necessary to introduce national communications technical standards. Such technical standards are expected to be implemented by 2010. Implementation involves developing a single standard for the design, installation and the use of communications equipment.

> Communications protocols and procedures

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7. Recommendations from independent rail investigations

ITSRR began monitoring the implementation of recommendations from independent investigations into rail accidents or incidents in 2006-07. Such recommendations are implemented by various government agencies and rail operators.

The monitoring methodology used by ITSRR to track this implementation is based on the approach it developed for recommendations from the Waterfall Inquiry.
In 2007-08 ITSRR invested significant effort into ensuring that investigation report recommendations were being addressed by railway operators. The results are outlined in the key performance indicator opposite.

8. Regulatory practice

Accreditation

ITSRR is required under the Rail Safety Act 2002 to accredit all NSW rail operators. Granting of accreditation indicates that the rail operator has demonstrated the competence, capacity and has the systems to manage risks arising from its rail operations.

Once accredited, operators need to apply for a variation to their accreditation if they intend to make changes to the scope and nature of their operations.

Operators are required to notify ITSRR of prescribed changes to their railway operations or safety management systems.

ITSRR’s service delivery for these requirements is outlined in the service measure on this page.

Audit and inspection program

ITSRR manages a comprehensive audit and inspection program including scheduled audits required under the Rail Safety Act 2002 and additional audits and inspections in response to selected incidents, issues or safety trends.

As a result of its audits, ITSRR concluded that industry is making progress in complying with the requirements of the Rail Safety (Rail Safety Management System) Guideline 2006. This is consistent with the nationally agreed arrangements for the implementation of the National Rail Safety Accreditation Package which forms the basis of the NSW guideline. It was agreed that operators would identify areas for improvement within their safety management system and develop safety improvement plans to bring their systems up to the required standard within an appropriate timeframe.

Service measure

No. of total accredited operators, new accreditations, variations and notifications

Definition

ITSRR is required under the Rail Safety Act 2002 to accredit all NSW rail operators. Granting of accreditation indicates that the rail operator has demonstrated the competence, capacity and has the systems to manage risks arising from its rail operations. Once accredited, operators need to apply for a variation to their accreditation if they intend to make changes to the scope and nature of their operations.

Result

Accredited operators, new accreditations, variations and notifications

<table>
<thead>
<tr>
<th>Year</th>
<th>Accredited Operators</th>
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<th>Variations to Accreditation</th>
<th>Notifications of Change to Railway Operations</th>
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<td>2</td>
<td>2</td>
<td>22</td>
</tr>
</tbody>
</table>

Comment/analysis

There were 71 accredited operators in NSW in 2007-08 – down from 77 the previous year – including 16 whose primary accreditation is held in another State and operating in NSW under mutual recognition of accreditation protocols.

During the year 7 operators ceased to be accredited, 1 ceased and was re-accredited, and 1 new operator was accredited. A full list of accredited operators during 2007-08 is on page 106.

In July 2006, ITSRR introduced new requirements for the notification of operational change. This narrowed the trigger for variations to be approved by ITSRR and introduced broader requirements for notification to the rail regulator of changes to operations by rail operators. As a result, the need for operators to apply for a variation was reduced.

Forecast

The number of new applications and variations is unable to be forecast given that changes reflect industry and market conditions.
Service measure
No. and % of scheduled annual safety audits and safety inspections completed

Definition
Under the Rail Safety Act 2002, ITSRR has a statutory obligation to audit or inspect each passenger operator annually and all freight operators within a three-year period. Audits undertaken as part of the accreditation application process are not included.

Result
Scheduled annual safety audits and inspections completed

Comment/analysis
Audits conducted in 2007-08 included 25 audits of passenger operators and 16 audits of freight operators. In addition the 2% of audits not conducted in 2006-07 were also completed.

Forecast
The audit program is expected to continue at the same rate in the coming year.

Service measure
No. of compliance inspections conducted and compliance investigations commenced and completed

Definition
ITSRR conducts compliance inspections distinct from its audit program. These inspections are based on regulatory intelligence gathered through ITSRR’s audit function as well as industry data reported to ITSRR. ITSRR conducts compliance investigations in response to selected incidents.

Result
Compliance inspections conducted and compliance investigations completed

Comment/analysis
The number of compliance inspections carried out in 2007-08 is less than 2006-07 due to audits requiring more in-depth reviews of the implementation of new safety management system requirements. In addition some audits were of large railway operators which required a significant number of ITSRR staff over many weeks.

The number of completed investigations reflects the varying complexity of investigations and the associated variability of the time required to finalise the investigations.

Forecast
ITSRR expects to increase its level of compliance inspections. Compliance investigations are unable to be forecast given their link to incidents in the field.
Annual safety reports
Under NSW rail safety legislation, rail operators are required to submit Annual Safety Reports to ITSRR. These reports provide ITSRR with an indication of the level of self-monitoring undertaken by rail operators. In addition, operators are required to identify safety initiatives in their reports.

During the year, ITSRR maintained its efforts to alert operators of their obligations to provide these reports by the due date. The results of this activity are outlined in the key performance indicator opposite.

Compliance and enforcement activities
Current rail safety legislation is based on an accreditation regime whereby railway operators (as defined under the Rail Safety Act 2002) are accredited to operate provided they have the competency, capacity and safety management systems to manage risks arising from their railway operations.

ITSRR’s role is to administer this scheme and ensure operators comply with their legislated obligations. As the regulatory pyramid (above) illustrates, there are a suite of tools available to ITSRR to facilitate operator compliance with rail safety legislation. For the most part, ITSRR works at the bottom of the pyramid using ‘facilitated compliance’. Through this approach, ITSRR works cooperatively with railway operators through education and awareness as well as its audit program to ensure rail operators understand and comply with safety requirements.

Definition
All accredited rail operators are required to provide ITSRR with an Annual Safety Report within a specified timeframe under rail safety legislation. Annual Safety Reports must report on the operator’s review of its safety performance during the reporting period, any significant developments relating to safety for the reporting year and identify proposed safety initiatives for the coming year.

Receipt of such reports on time and in compliance with reporting requirements is viewed by ITSRR as one indication of a positive safety culture.

Result

<table>
<thead>
<tr>
<th>Year</th>
<th>Annual Safety Reports received (total and on time)</th>
<th>% of Annual Safety Reports received within statutory timeframe</th>
<th>% identifying safety initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-06</td>
<td>56%</td>
<td>16%</td>
<td>40%</td>
</tr>
<tr>
<td>2006-07</td>
<td>93%</td>
<td>59%</td>
<td>86%</td>
</tr>
<tr>
<td>2007-08</td>
<td>86%</td>
<td>78%</td>
<td>78%</td>
</tr>
</tbody>
</table>

Comment/analysis
During 2007-08 ITSRR maintained its liaison with accredited operators on the preparation of Annual Safety Reports. A particular focus was the identification of self-initiated safety initiatives that review and strengthen risk controls and defences in the operator’s safety management system.

A total of 70 Annual Safety Reports were due from accredited operators in 2007-08 (only operators which have been operating for a full 12 months are required to submit a report). Of these, 59% were received within the statutory timeframe. This is on par with the percentage of Annual Safety Reports received within the statutory timeframe in 2006-07.

These reports revealed that 78% of operators identified safety initiatives for the coming year. Of those that did not identify any initiatives, 62% were heritage operators, while a further 15% held principal accreditation in another State.

Forecast
ITSRR expects that operators will increase this level of reporting.
**Definition**

This indicator reports on the reviews of ITSRR’s statutory Improvement and Prohibition Notices. Rail operators have the right to request an internal review by ITSRR on these notices. If the operator is not satisfied with ITSRR’s decision, they may seek further review by the Administrative Decisions Tribunal (ADT).

The internal review process is intended to afford operators subject to decisions of ITSRR and its authorised officers an opportunity to test the evidence collected and conclusions drawn by ITSRR. The internal review process supports procedural fairness principles.

**Result**

### Improvement Notices

<table>
<thead>
<tr>
<th></th>
<th>2005-06</th>
<th>2006-07</th>
<th>2007-08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total no. of Improvement Notices issued by ITSRR</td>
<td>10</td>
<td>9</td>
<td>19</td>
</tr>
<tr>
<td>No. (and %) of internal reviews requested</td>
<td>6 (60%)</td>
<td>1 (11%)</td>
<td>2 (11%)</td>
</tr>
<tr>
<td>No. (and %) of appealed Improvement Notices upheld</td>
<td>3 (50%)</td>
<td>1 (100%)</td>
<td>0 (0%)</td>
</tr>
<tr>
<td>No. (and %) of appealed Improvement Notices varied or withdrawn</td>
<td>n/a</td>
<td>n/a</td>
<td>2 (100%)</td>
</tr>
</tbody>
</table>

### Prohibition Notices

<table>
<thead>
<tr>
<th></th>
<th>2005-06</th>
<th>2006-07</th>
<th>2007-08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total no. of Prohibition Notices issued by ITSRR</td>
<td>73</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>No. (and %) of internal reviews requested</td>
<td>2 (3%)</td>
<td>1 (16%)</td>
<td>2 (50%)</td>
</tr>
<tr>
<td>No. (and %) of appealed Prohibition Notices upheld</td>
<td>1 (50%)</td>
<td>0 (0%)</td>
<td>1 (50%)</td>
</tr>
<tr>
<td>No. (and %) of appealed Prohibition Notices varied or withdrawn</td>
<td>n/a</td>
<td>n/a</td>
<td>1 (50%)</td>
</tr>
</tbody>
</table>

**Comment/analysis**

This year’s result is similar to last year, with no action required by the Administrative Decisions Tribunal. The low number of notices contested reflects operator acceptance of ITSRR’s regulatory directions.

**Forecast**

It is difficult to forecast future results for this measure. It is anticipated that as ITSRR and rail operators become more familiar with the issue of statutory notices, requests for review will decline.

ITSRR may use more directive powers such as issuing improvement notices to promote compliance with legislation and effective risk management by rail operators. Where there is a clear lack of cooperation or serious safety breaches by a railway operator, ITSRR may consider issuing fines and or prosecuting. Ultimately, if an operator no longer has the competence, capacity or systems to safely manage its railway operations, ITSRR may restrict, suspend or cancel the operator’s accreditation.

**Drug and alcohol testing**

**Drug and alcohol testing officer training workshops**

During 2007-08 ITSRR hosted three free one-day workshops for drug and alcohol testing officers in the rail industry. A total of five workshops have been held since February 2007.

The workshops are based on the model Training Course for Drug and Alcohol Testing Officers, which is available on ITSRR’s website.

ITSRR developed the training course to assist accredited railway operators meet new training requirements for their drug and alcohol testing officers, who are required to be trained in accordance with Schedule 1 of the Guidelines Relating to Drug & Alcohol Programs.

Topics covered include legislative requirements, the roles and responsibilities of testing officers and managing notifications and record keeping.
Around 65 industry representatives attended the workshops held in 2007-08, with around 100 representatives attending the five workshops that have been held to date.

**ITSRR testing program**

Rail operators have the primary responsibility for conducting drug and alcohol testing of railway employees undertaking rail safety work in NSW. ITSRR conducts its own random testing which is aimed primarily at supplementing industry activity and supporting smaller operators, including heritage operators, implement their drug and alcohol programs.

Under the Rail Safety Act 2002, accredited railway operators are required to report any positive drug and alcohol test results to ITSRR. These results are reviewed by ITSRR to ensure appropriate action has been taken by the railway operator such as counselling, provision of rehabilitation and/or disciplinary action.

The results of ITSRR’s testing are outlined in the key performance indicator on this page.

**Railway operators testing programs**

During 2007-08 NSW rail operators conducted 55,091 alcohol and 10,609 drug tests. Of these, 278 or 0.4% yielded a positive result or refused test. Under the legislation a refused test is an offence that attracts the same potential enforcement consequences as a positive result. The number of tests and the number of positive returns in 2007-08 are consistent with the 2006-07 figures for NSW rail operators. More information on industry’s testing program is available in the Rail Industry Safety Report 2007-08 on ITSRR’s website.

**Incident response and investigation**

ITSRR responds to rail emergencies, incidents or accidents, occurring on or affecting the NSW rail network that impact on public safety and potentially breach rail safety legislation.

ITSRR may choose to conduct a compliance investigation following a rail emergency incident or accident. The decision to conduct an investigation will

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**Service measure**

No. of drug and alcohol tests conducted by ITSRR and % testing positive

**Definition**

ITSRR has a role in setting legislative requirements and guidance for drug and alcohol programs, including testing of rail safety workers and investigating positive notifications arising from testing by either rail operators or ITSRR. The majority of testing is undertaken by industry. This indicator reports on ITSRR’s testing activities only.

**Result**

![Graph showing the number of drug and alcohol tests conducted by ITSRR and % testing positive over the years 2005-06, 2006-07, and 2007-08.]

**Comment/analysis**

Similar to last year, the positive results reported are from drug tests – there were no positive alcohol test results reported. ITSRR follows up with operators on such results as necessary to ensure that the operator has taken appropriate action in relation to the results of the testing.

**Forecast**

Unable to be forecasted.
depend on factors such as the severity of the potential or actual impact of the incident, the value to the public interest and whether it is an effective use of ITSRR resources.

Whilst ITSRR investigations are independent, these are often undertaken cooperatively with the NSW Police Force, the Australian Transport Safety Bureau, the Office of Transport Safety Investigations and WorkCover. During 2007-08 ITSRR commenced 18 compliance investigations. They included the following:

> **July 2007** – ITSRR received notification that two rail safety workers in Singleton had been fatally injured after being struck by a train and commenced an investigation to identify any immediate safety issues and possible breaches of the Rail Safety Act 2002. The incident has led to several reviews into safe working protection arrangements. It is also subject to investigations by a number of other agencies. As at June 2008, ITSRR’s investigation into the incident is still ongoing.

> **September 2007** – ITSRR was informed of a video posted on a website that identified persons at a motel wearing rail infrastructure maintenance clothing and suspected as being under the influence of either drugs or alcohol. ITSRR’s investigation into this incident identified that one of the people in the video was an employee of an accredited operator. However, given that the employee was not ‘at work on railway premises’, there were no breaches of the Rail Safety Act 2002. ITSRR liaised with the operator and was satisfied that the operator investigated and responded to the incident appropriately and in line with its internal policies.

> **October 2007** – ITSRR received information that an accredited operator had not reported an incident in accordance with the legislative incident notification requirements. The unreported incident involved an uncontrolled rollingstock movement within the operator’s yard. ITSRR issued a Prohibition Notice concerning the uncontrolled movement as well as an Improvement Notice concerning the failure to report incidents. The operator has complied with these notices.

> **October 2007** – A road accident on a highway resulted in a heavy vehicle obstructing the rail line. An approaching passenger train came to an emergency stop just short of the obstruction, after the driver received
notification of the accident via the railway operator’s duty officer rather than through the Network Control Centre. This form of communication, although critical in averting a collision, was not consistent with the operator’s or the Network’s emergency response plan. By the time the Network Control Centre was advised of the situation by emergency services, the passenger train had already been stopped. ITSRR’s investigation identified concerns with the reliability of radio communications, the application of emergency procedures and confusion on the part of the emergency services with respect to appropriate contact details for the rail network owners in an emergency situation.

> March 2008 – ITSRR investigated the derailment of a heritage operator passenger train on an isolated rail line. The derailment resulted in a small number of passengers receiving minor injuries. The operator voluntarily ceased operations until the substandard track condition was rectified. Recognising that the appropriate action had been taken, ITSRR did not need to issue a Prohibition Notice and instead issued an Improvement Notice to improve the track affected.

**Prosecutions**

In the event of serious safety breaches, ITSRR may decide to pursue prosecution action against the offending party.

As a result of prosecution action initiated by ITSRR during 2007-08, a goods train driver and an assistant driver were convicted in the Downing Centre Local Court on 23 July 2007 of breaching the Rail Safety (Drug and Alcohol Testing) Regulation 2003 which provides that it is an offence for a railway employee to carry out rail safety work while the prescribed concentration of alcohol is present in the employee’s blood.

The men, who pleaded guilty to the offence, were each fined $500, ordered to pay $70 in court costs, and given an 18-month good behaviour bond. As a condition of the bond, the men must undergo drug and alcohol counselling.

**Performance indicator:**

**No. of visits to ITSRR’s website**

**Definition**

This indicator measures the number of internal and external visits to ITSRR’s website. External stakeholders primarily comprise rail employees, NSW and federal transport safety agencies and the community.

**Result**

<table>
<thead>
<tr>
<th>Year</th>
<th>Visits to ITSRR’s website</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004-05</td>
<td>64,930</td>
</tr>
<tr>
<td>2005-06</td>
<td>83,658</td>
</tr>
<tr>
<td>2006-07</td>
<td>151,684</td>
</tr>
<tr>
<td>2007-08</td>
<td>241,733</td>
</tr>
</tbody>
</table>

**Comment/analysis**

The significant increase in visitor numbers in 2007-08 was largely driven by activities related to legislative reforms and a significant increase in the distribution list for external publications.

A revamp of the website during the year, including the addition of new web pages on heritage operators and training, and an increase in other web-based materials published also attracted more visitors to the site.

**Forecast**

ITSSR expects the number of visitors to its website to remain stable or increase slightly in 2008-09.

Simon Meiers (Director, Regulatory Intelligence) and Jenny Renko (Corporate Counsel) contributed to the running of ITSRR’s in-house Authorised Officer training courses.
Education and awareness activities are key elements of ITSRR’s regulatory toolkit and are designed to support rail operators to achieve better rail safety outcomes.

ITSRR uses training, workshops and seminars, Rail Industry Safety Notices, Information Alerts, newsletters, and its website to provide industry with information on regulatory developments and emerging safety issues and to promote improvements in safety management.

During 2007-08 over 300 representatives of industry, unions, government agencies and peak organisations attended events hosted by ITSRR including:

- an Executive Safety Seminar on Independent Certification for the Rail Industry. At this seminar guest speakers made presentations on certification requirements in aviation and road transport. This was followed by a panel discussion on certification in the rail industry.
- training for operators’ drug and alcohol testing officers
- three information sessions on the review of heritage operations in NSW to assist operators to meet their rail safety obligations
- a launch hosted jointly by ITSRR and Public Transport Safety Victoria to introduce the Rail Resource Management Guidelines – a national project aimed at providing applied human factors training for rail safety workers across Australia.

ITSRR also hosts the NSW Rail Safety Strategic Forum (RSSF) to provide operators, unions and ITSRR with the opportunity to exchange ideas and a place to discuss safety issues of strategic importance facing the rail industry.

During the year ITSRR reviewed the forum’s terms of reference and, after calling for industry nominations, new RSSF members were selected for a two-year term. The RSSF now comprises 15 industry representatives covering large, medium, tourist and heritage...

Performance indicator: No. of attendees at external seminars/workshops

**Definition**
This indicator measures participants in ITSRR’s Executive Safety Seminars, the Rail Safety Strategic Forum and major workshops with industry and other rail safety regulators.

**Result**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004-05</td>
<td>370</td>
</tr>
<tr>
<td>2005-06</td>
<td>300</td>
</tr>
<tr>
<td>2006-07</td>
<td>337</td>
</tr>
<tr>
<td>2007-08</td>
<td>312</td>
</tr>
</tbody>
</table>

**Comment/analysis**
The slight decrease in attendance in 2007-08 was largely due to the reduction in industry seminars held given ITSRR’s focus on other education activities.

Attendance at training and information sessions increased. ITSRR will continue to provide these sessions for industry as part of its education and awareness program.

**Forecast**
ITSRR expects the number of attendees at its events to increase slightly with the proposed enactment of the new Rail Safety Act and regulations in 2008-09.
operators; contractors and maintainers; unions; and two ITSRR representatives. The Australasian Railway Association attends as an observer.

The RSSF met three times in 2007-08, with a total of 26 industry representatives attending. Issues discussed included the national model legislation and its implementation in NSW and key findings from ITSRR’s compliance and audit program.

The RSSF also contributed to the development of ITSRR’s guidance material on Certificates of Competency, development of future Executive Safety Seminar topics and provided input and feedback on ITSRR’s corporate priorities for 2008-09.

During 2007-08, ITSRR issued 19 Information Alerts, a slight increase from the 15 issued in the previous year. This result reflects the continuing development of new rail safety legislation in NSW and ITSRR’s continued commitment to keeping rail operators abreast of key activities and information.

ITSRR also issued four Rail Industry Safety Notices (RISNs) compared to eight the previous year. RISNs are issued as significant safety issues emerge drawing railway operators attention to safety issues, incidents, or alerts issued by other regulators or operators.

ITSRR produced a number of online and hard copy publications (see full list at Appendix 21, page 114, including Transport Advisory Weekly and The Regulator [quarterly]).

9. Research and development

An ITSRR corporate priority for 2007-08 was to continue to deliver regulatory intervention strategies which are evidence and risk-based.

Since its establishment in 2004, ITSRR has sought to develop an evidence and risk-based approach to collecting, analysing and using safety data to guide its regulatory interventions. Delivery of the following initiatives reflects the results of this approach.

**Rail Resource Management project**

It is well recognised in the transport industry that human error plays a significant role in incidents and accidents. While human error is inevitable, investigations have shown that many serious transport safety occurrences could have been prevented by people making better use of available resources including team members, equipment, information and procedures.

As its successful application in the aviation industry has shown, effective resource management and training throughout an organisation can help to reduce human errors and their consequences.

In partnership with Public Transport Safety Victoria, ITSRR has worked with industry including the Australasian Railway Association to develop a national Rail Resource Management Training Program for rail safety workers. The project has provided rail operators with support including (non-mandatory) comprehensive guidelines and generic training materials.

The guidelines and training toolkit were launched in November (Sydney) and December (Melbourne) 2007.

In early 2008, the Rail Safety Regulators Panel endorsed a proposal to conduct a pilot rail resource management program with an industry partner. The pilot will provide:

- a ‘lessons learned’ report which will translate the experience of the pilot into practical advice for the whole industry
- a rail resource management training evaluation report which will summarise the outcomes of the evaluation and make recommendations for any necessary modifications to the training package.

At completion of the pilot, ITSRR will hold a number of briefing sessions for industry on how to apply the package.

**Safety culture tool**

During 2007-08 ITSRR funded the Australasian Railway Association (ARA) to conduct a two-year trial of an internet-based tool to assist rail organisations in understanding and improving their safety culture.

The tool, developed by the UK Rail Safety and Standards Board (RSSB), consists of a simple self-assessment questionnaire and tailored improvement initiatives linked to the results.

The ARA has finalised the licensing arrangements with the RSSB. A number of operators are enthusiastic about participating in the Australian trial, which is anticipated to commence in early 2008-09.

**Responding to ‘near misses’**

ITSRR continued to refine a strategic approach for guiding its response to ‘near miss’ events – events not significant in terms of impact (such as damage or loss of life) but indicators of the potential risk of more serious accidents.

This work included the development of criteria to prioritise ITSRR’s responses to near miss events. This has enabled ITSRR to work more strategically with operators to encourage proactive risk management and improved safety performance.

Each month ITSRR has identified where higher than normal rates of near miss events occurred and liaised with operators to understand how the operator was managing the associated risks. Typically this involved a review of the operator’s risk register which resulted in facilitative improvement programs to address areas requiring improvement. This program will continue in 2008-09.

**Risk profiling tools**

ITSRR continued to develop a set of risk profiling tools to improve its understanding of key contributors to rail safety risks and the risks faced by particular stakeholders including passengers, train drivers and track workers.
During the year ITSRR used fault and event tree models as well as guidance developed by the UK Rail Safety and Standards Board to estimate the frequency of a comprehensive list of railway accident events. These are based on basic parameters of the railway such as kilometres of track and the number of passenger and freight train kilometres travelled per year.

This approach allows estimates of individual and total collective risk to safe railway operations to be made – information which to date has not been available to regulators for railway operations across their jurisdictions. It has enabled ITSRR to develop its corporate priorities as well as apply a risk-based approach to establishing which occurrences should be monitored on a monthly basis by ITSRR’s Executive Management Team and Advisory Board. The information has also been used to gauge how well an operator understands its risks by checking that the operator has identified risks to a similar level of detail to the model and comparing model results against the railway operator’s analysis.

In 2008-09 ITSRR will continue to collect data to maintain and support the models produced.

Safety intelligence and development projects
ITSRR is investing in a range of innovative safety intelligence and development projects, often in collaboration with industry and other regulators. Some of the work undertaken in 2007-08 included:

> developing information for industry on better practice management of signals passed at danger (SPADs). Under specific circumstances, a SPAD can lead to an accident such as a train to train collision. ITSRR is analysing information on better practice arrangements in SPAD management and will promote its research to industry. This work will continue in 2008-09

> participating in a working group with Public Transport Safety Victoria, the Australian Transport Safety Bureau and the Australasian Railway Association (ARA) to develop a uniform national Contributing Factors Framework (CFF) for rail safety occurrences. The CFF is a classification system that helps identify and understand factors contributing to accidents. The CFF aims to complement the national rail safety data classification system (ON-S1). This work will continue in 2008-09

> supporting an Australian Research Council funded initiative comprising a series of projects examining ergonomics, biomechanics and human factors in the rail industry. The initiative involves ITSRR, the University of NSW, Public Transport Safety Victoria, and RailCorp. Its outcomes will include design criteria, specifications and standards for train and network management and safety systems; human factors tools for investigating rail safety, accidents and performance; methods for evaluating and specifying crew and operator workloads and tasks; improved driver safety systems; and better rail network management. As well as a number of peer reviewed papers being published, the program has resulted in tools such as a human error identification tool for train driving being developed. This work will continue in 2008-09.

> reviewing the classification system for rail safety (ON-S1). This work will continue

Safety data
ITSRR analyses rail safety occurrence data to better understand safety risks and develop its regulatory strategies. It publishes rail occurrence data for NSW and provides data to the Australian Transport Safety Bureau which began publishing national rail safety occurrence data on its website in March 2007. ITSRR has invested considerable effort into improving the national arrangements for data collection. During 2007-08 ITSRR continued to assist the National Rail Occurrences Database working group to improve the categorisation scheme ON-S1. Most of this work has been aimed at better defining occurrence categories which will lead to enhanced quality data collected in a more consistent way by each of the jurisdictions across Australia. It culminated with the publication of a revised version of ON-S1 and a new guideline for the categorisation of occurrences, OC-G1.

Review of absent and failed defences
During 2007-08 ITSRR, in cooperation with a graduate student from the University of NSW, completed a review of 1,090 occurrence investigations to determine which elements of an operator’s safety management system relevant to the occurrence either failed or were absent. The outcomes of this review helped to inform the identification of priority areas for ITSRR intervention activities in 2008-09.

Identification and promotion of better practice in ITSRR priority areas
During 2007-08 ITSRR commissioned a review of international safety practices concerning five safety priority areas outlined in its Corporate Plan 2007-08:

> worksite protection
> contractor safety management
> level crossing safety management
> compliance with infrastructure standards
> management of SPADS.

The aim of the review was to determine common railway practice in the key safety priority areas. It sourced information from nine countries including Australia, United Kingdom, The Netherlands, Germany, Hong Kong, Canada, Taiwan, France and the USA. A report on this work will be finalised in early 2008-09.
Further work on this project will involve:
> detailed research on those initiatives identified that are well suited for application to the NSW rail industry
> extension of the study to include other countries
> provision of a report on results of the research to key stakeholders
> development of strategies on how to promote uptake of the initiatives by industry where improvement potential has been identified.

**Fatigue management**
Fatigue has been a recognised hazard in the transport industry for many years. Railway operators are required to implement programs for the management of fatigue in rail safety workers. There are a number of products available which assist operators to assess the fatigue implications of shift rosters. Misapplication of these models may lead to an incorrect assessment of fatigue levels.

In 2007-08 ITSRR commenced research to test the applicability of fatigue shift rostering models, primarily to determine the circumstances when it is valid to use particular models. This research will continue in 2008-09.

When undertaking risk assessments industry relies on available data in relation to a particular risk. In some cases this data derives from studies conducted overseas. Inevitably, there are differences in the context of specific railway operations and these differences can cause some uncertainty with the conclusions drawn.

In 2007-08 ITSRR completed a study to identify any relationship between fatigue and the occurrence of signals passed at danger (SPADs). This work involved compiling shift history data applicable to SPAD incidents and confirmed the results of similar studies undertaken in the United Kingdom.

**Identification of multi-SPAD signals**
ITSRR has undertaken research to identify signals on the interstate rail network at which multiple SPADs have occurred. This research should promote the conduct of such analysis by industry. The outcomes of the study will be shared with industry in 2008-09. ITSRR will also consider how best to further capitalise on this work.

**Future directions**
The future directions for the Rail Safety Regulation program reflect its Corporate Plan Priorities 2008-09 which are to:

1. Focus on the following:
   > the safeworking arrangements for work on track and worksite protection practices
   > the governance of contractor safety management
   > change management processes
   > management of overcrowding on passenger services
   > engineering standards for rollingstock and infrastructure
   > the management and investigation of incidents resulting from Signals Passed at Danger.

2. Work with heritage operators to achieve compliance with new requirements in implementing their safety management systems.

3. Enhance the effectiveness of ITSRR’s compliance inspection activities by providing staff with improved in-field toolkits and training opportunities.

4. Review ITSRR’s requirements for safety data and work with the National Transport Commission to ensure these needs are fed into the National Data Strategy.
Strategic Coordination of Safety across Transport Modes

Program 2

Program description
This program reflects ITSRR’s legislated mandate to provide strategic coordination on safety regulation across the rail, bus and ferry transport modes in NSW.

ITSRR works in cooperation with the regulators of buses (Ministry of Transport) and ferries (NSW Maritime) to promote improvements and consistency, where appropriate, in the safety regulation of rail, bus and ferry services.

Program’s intended results
The diagram to the right outlines the intended results that ITSRR works towards in its role as the NSW rail safety regulator. Combined with ITSRR’s annual priorities for 2007-08, the results logic framework sets the context in which to review this program’s achievements.

Program services
- Leadership and support for the Transport Regulators’ Executive Committee (TREC) to identify and agree on safety regulation improvements.
- Leadership and support for officer level working groups as directed by the TREC.

Focus areas
This program covers the following areas:
- Reporting on implementation of recommendations from independent investigation reports (page 44)
- Review of independent investigation reports (page 44)
- Other TREC initiatives (page 47)

Safe and reliable rail, bus and ferry services
in New South Wales

- Improving safety regulation across the rail, bus and ferry sectors
- Improvements made by regulators to safety regulatory frameworks for rail, bus and ferry services
- Opportunities identified and agreed to by regulators to improve safety regulatory frameworks for rail, bus and ferry services

ITSRR’s core program

Strategic Coordination of Safety across Transport Modes

Leadership and support for the Transport Regulators’ Executive Committee (TREC) to identify and agree on safety regulation improvements.

Leadership and support for officer level working groups as directed by the TREC.

Leader of the Transport Regulators’ Executive Committee (TREC) to identify and agree on safety regulation improvements.

Lower intermediate results

Leadership and support for officer level working groups as directed by the TREC.

Leader of the Transport Regulators’ Executive Committee (TREC) to identify and agree on safety regulation improvements.

Ferries make an important contribution to Sydney’s transport system.
### Program context
During 2007-08 ITSRR further consolidated its strategic coordination of safety role in an environment of ongoing reform and change across the three transport modes. The NSW Rail Safety Bill and Regulations, based on the National Model Rail Safety legislation, were drafted and released for public consultation. The bus reform program entered its second year of full implementation and a number of independent inquiries heightened the focus on safety in the ferry sector.

### Stakeholders
Key stakeholders for this program include the Ministry of Transport, NSW Maritime, the Minister for Transport, the Minister for Ports and Waterways, and the general public.

### Budget
During 2007-08 ITSRR allocated 1% of total expenses (including the full time equivalent of 1 staff member) to the Strategic Coordination of Safety across Transport Modes program.

### Priorities 2007-08
- Introduce public reporting on the implementation of recommendations arising from independent investigation reports into rail, bus and ferry accidents.
- Ensure lessons from independent inquiries into the Sydney Ferries Corporation are reviewed for potential application to the bus and rail sectors.

### Achievement highlights
- Implementation of recommendations from independent investigation reports into rail, bus and ferry services increased by 15% compared with the previous year (page 44).
- Commenced review of indicators used by NSW rail, ferry and bus regulators based on ITSRR’s independently commissioned review of key performance indicators used by transport regulators around the world (page 44).
- Assessed the cross-modal implications from specific independent safety investigations, fatigue management practices across modes and commissioned a review to determine whether data loggers are required across transport modes (page 47).
1. Reporting on implementation of recommendations

Each TREC regulator monitors the status of recommendations resulting from independent investigations into rail, bus and ferry incidents in NSW. These investigations include those by the NSW Office of Transport Safety Investigations (OTSI) and the Australian Transport Safety Bureau (ATSB).

The purpose of OTSI and ATSB investigations is to identify the contributing factors to a safety incident or accident and to make recommendations for the relevant organisations to reduce the risk of future accidents.

TREC regulators monitor implementation of these recommendations consistently through the use of the reporting framework developed by ITSRR to report to Parliament on the status of recommendations arising from the Waterfall Inquiry.

The table below summarises the status over the last two years of recommendations arising from independent safety investigations in NSW.

During 2007-08, 78% of the total recommendations for rail, arising from 24 investigation reports, have been marked as ‘closed’.

In relation to recommendations for the bus sector, 54% of the total recommendations, arising from 8 reports, have been marked as ‘closed’.

In relation to recommendations for ferries, 83% of the total recommendations, arising from 11 reports, have been marked as ‘closed’.

Overall, the number of recommendations closed out by all modes increased by 15% during 2007-08.

2. Review of independent investigation reports

In addition to the monitoring of the status of recommendations arising from independent investigations across modes, TREC examines all independent investigation reports following their tabling in Parliament to determine if there are any cross-modal implications arising from individual reports for regulators to act on.

Of significant importance during 2007-08 was the release of the Report of the Special Commission of Inquiry into Sydney Ferries Corporation. Although the main thrust of the Report focused on governance arrangements for Sydney Ferries Corporation, TREC reviewed recommendations 12 and 13 relating to the implementation of safety management systems on ferries for potential application to the bus and rail sectors.

TREC also considered the following issues arising from the Special Commission of Inquiry.

> Key performance indicator review

Although noting the difficulty in comparing safety performance data across modes, the Report of the Special Commission of Inquiry suggested that ITSRR take a more proactive role in ensuring that such data is being collected in an organised and systemic manner. The report also suggested that ITSRR consider incorporating such information in future annual reports to enable the benchmarking of the safety performance of all modes of transport within NSW as well as against other jurisdictions.

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### Status of recommendations arising from independent safety investigations on rail, bus and ferry accidents in NSW as at June 2008

<table>
<thead>
<tr>
<th></th>
<th>No. of reports</th>
<th>No. of recommendations</th>
<th>No. open</th>
<th>No. closed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rail</td>
<td>17</td>
<td>24</td>
<td>186</td>
<td>227</td>
</tr>
<tr>
<td>Bus</td>
<td>7</td>
<td>8</td>
<td>56</td>
<td>61</td>
</tr>
<tr>
<td>Ferry</td>
<td>10</td>
<td>11</td>
<td>121</td>
<td>137</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>34</td>
<td>43</td>
<td>363</td>
<td>425</td>
</tr>
</tbody>
</table>

* For the above table where one recommendation of an independent investigation applies to two or more parties, the recommendation is recorded as a multiple. This assists in monitoring that each party carries out actions to satisfy the requirements of that particular recommendation.
Recognising the need for improved performance data, ITSRR commissioned a review of key performance indicators used by transport regulators around the world to measure transport safety in rail, bus and ferry sectors and their effectiveness as regulators in 2006-07. The analysis found that overall ITSRR was operating at the leading edge of regulators surveyed. In relation to its rail safety indicators, the review found that these were on par with the other seven jurisdictions surveyed.

On bus safety, the review found that bus-related indicators reported by NSW regulators were of a similar standard. The range of KPIs relating to bus safety tended to be less extensive than those reported for rail and generally focused on reporting accidents, incidents and fatalities only.

On ferry safety, the report noted a major difficulty in assessing ferry performance reporting was that only one of the four jurisdictions surveyed used commuter ferries as a major part of their urban transport system. There was the added factor of a complex mix of port specific, national and international regulatory frameworks governing ferry services that focused more on the efficiency of such services, rather than more specifically measuring safety.

Overall, the ferry safety indicators used by NSW Maritime were of a similar type and level as the other jurisdictions surveyed.

Following the completion of this review, TREC agreed that all agencies should further review their performance indicators. An officer-level working group was requested by TREC to review the KPI Report, identify any recommendations for change in the KPI information to be collected, and examine if improved KPIs for public transport safety reported by each agency could be developed.

To date, the working group has developed a proposed model of KPI information to be collected in relation to both regulator effectiveness and safety outcomes. The working group next plans to confirm if the proposed KPI information is feasible and practical to collect, before reporting back to TREC during 2008-09.

**Notifiable occurrences**

Arising from the Special Commission of Inquiry into Sydney Ferries, ITSRR also commissioned an analysis comparing the notifiable occurrences in each transport mode to ascertain if there are any inconsistencies in these requirements. Although noting the differing reporting requirements in each mode, TREC was satisfied that there are valid reasons for these differing requirements. TREC did recommend, however, that there would be merit in defining the criteria used by each NSW regulator for reporting on critical matters such as ‘death’ and ‘serious injury’. This issue is being addressed as part of the review of key performance indicators.

**Review of close-out procedures for recommendations**

During the year, TREC reviewed the close-out procedures for recommendations arising from OTSI investigations to ensure the robustness of these procedures across modes. As a result, TREC was able to confirm the effectiveness of the current procedures for the close-out of OTSI recommendations, although a number of improvements were identified in relation to the close-out of recommendations directed to buses.

---

**Service measure**

**Percentage of TREC workplan implemented to schedule**

**Definition**

This indicator measures the ability of the forum to implement reforms to a defined schedule.

**Result**

<table>
<thead>
<tr>
<th>Percentage of TREC workplan implemented</th>
</tr>
</thead>
<tbody>
<tr>
<td>80%</td>
</tr>
</tbody>
</table>

**Comment/analysis**

This is a positive result. Projects not completed have been carried over to the 2008-09 workplan.

**Forecast**

A similar result in 2008-09.
TREC also considered cross-modal implications arising from the following independent safety investigation reports from OTSI:

- Rail Safety Investigation Report into shunting fatality Lachlan Valley Railway Society Heritage steam train SS84 Ariah Park 15 April 2006
- Ferry Safety Investigation Report into the fatal collision between *Dawn Fraser* and a dinghy at Walsh Bay 5 January 2007
- Rail Safety Investigation Report into signal passed at danger by CityRail 67-R in an opposing movement at North Strathfield 2 September 2006
- Bus Safety Investigation Report into systemic investigation into the importation and registration of overseas-sourced buses in NSW (published January 2008)
- Rail Safety Report into track worker fatality at Baan Baa 22 May 2006

### Service measure

% of CEO/nominee attendance at TREC meetings

#### Definition

This indicator measures the commitment of NSW transport safety regulators to work together on an ongoing basis to improve safety frameworks across modes and reflects the relevance of the TREC function.

#### Result

![Bar chart showing CEO/nominee attendance at TREC meetings from 2004-05 to 2007-08](chart.png)

- **2004-05**: 100%
- **2005-06**: 100%
- **2006-07**: 100%
- **2007-08**: 100%

#### Comment/analysis

CEO attendance remained high throughout all quarters indicating a strong level of commitment to the forum.

#### Forecast

CEO/nominee attendance is expected to remain high.

---

*Sydney Ferries Corporation is the dominant operator of ferry services in NSW.*
TREC’s consideration of these reports enabled each regulator to consider whether the recommendations directed to one mode were relevant to other modes to ensure the consistent improvement of safety outcomes across rail, bus and ferry sectors.

3. Other TREC initiatives
A major focus for TREC is to monitor specific safety issues arising in an individual transport sector in order to examine their relevance to other transport sectors. The following are various safety issues common across modes TREC considered during the year.

> Fatigue management
TREC agencies analysed fatigue management provisions across transport modes, including a review of international best practice. TREC noted the differing fatigue management requirements between transport modes, but agreed that no changes are currently required in relation to the NSW bus and rail modes. It is understood that, in the marine sector, the issue of fatigue management may be considered nationally in the near future.

> Data logger requirements
Arising from TREC’s consideration of recently published Office of Transport Safety Investigations (OTSI) Safety Investigation Reports, TREC agreed to commission a review of data logger requirements in each transport mode. Under a consistent framework across the rail, bus and ferry transport sectors, it is proposed to review OTSI recommendations requiring data loggers to be introduced in each mode. It is also proposed to examine what data should be collected in each mode and whether this data should be mandated as well as options for ensuring that data loggers are introduced in each mode. The review will be completed during 2008-09.

> Sharing of information
In accordance with TREC’s function of sharing information and resources across transport safety regulators, arrangements were made for John Dickenberg from NSW Maritime to participate in an Executive Safety Seminar ITSRR organised for the rail industry to discuss issues associated with the certification of rolling stock. Mr Dickenberg provided advice on the process for the survey of vessels, which greatly assisted the discussion of this issue from a cross-modal perspective.

Future directions
As outlined on page 16, this program is to be broadened in 2008-09 and re-titled ‘Transport Safety Advice’.
The future directions for the new program reflect its Corporate Plan Priorities 2008-09 which are to:
1. Provide advice to stakeholders about the management of level crossing risk at the state and national levels.
2. Provide advice to governments on industry’s progress in adoption of new technology for train management and protection.
3. Publish a paper and conduct industry seminars on international research on better practice worksite protection, signals passed at danger, contractor management, compliance with infrastructure standards and level crossing risks.
4. Evaluate the outcomes of ITSRR’s current function on the strategic coordination of safety regulation for rail, bus and ferry services.
**Program description**

The focus for this program is to provide independent advice to Government about the performance of publicly funded or owned transport services.

‘Reliability’ is defined to include the quality, effectiveness and efficiency of services taking account of matters such as those set out in contracts between service providers and the Government. It also includes the sustainability of networks and infrastructure, especially for rail. This latter point complements ITSRR’s safety function because understanding pressures on services and assets can also enable ITSRR to identify potential rail safety issues.

ITSRR also provides advice in response to questions from the Minister for Transport regarding reliability standards, targets and associated matters.

**Program’s intended results**

The diagram to the right outlines the intended results that ITSRR works towards. Combined with ITSRR’s annual priorities for 2007-08, the results logic framework sets the context in which to review this program’s achievements.

**Program services**

- Preparation of advices for the Minister
- Preparation of public reports
- Provision of relevant advice to rail safety regulation staff in ITSRR

**Focus areas**

This chapter is structured around the following areas of activity:

- Major public reports prepared (page 51)
- Research and analysis (page 51)
- Independent advice provided to Government (page 53).
Program context
Reliability standards are set in NSW Government agreements with public transport service providers.
The State Plan and supporting Urban Transport Statement set out the Government’s priorities and some of the reliability targets for transport. Priorities include increasing the share of public transport in peak hour commuting, and improving the quality of these services.
In 2007-08 it was expected that RailCorp would introduce a new timetable incorporating the new Epping-Chatswood rail services, and progress towards a business case for Government consideration of Automatic Train Protection. Only limited progress was made with these initiatives – further more substantive results are expected in 2008-09.

Stakeholders
Key stakeholders for this program include the Minister for Transport, other Government agencies, transport operators including RailCorp and Rail Infrastructure Corporation, and the public.

Budget
During 2007-08 ITSRR allocated 12% of total expenses to the Transport Service Reliability Advice program which funded 10 staff.

Priorities 2007-08
Provide advice to Government on:
> existing and proposed public transport service levels and customer requirements in light of NSW State Plan transport targets
> the expected outcomes under the 2008 CityRail timetable
> RailCorp’s trial of Automatic Train Protection technology from a system performance perspective.

Achievement highlights
Key achievements for this program in 2007-08 were:
> Publication of the Survey of CityRail Customers 2007 and the Annual Transport Reliability Report 2006-07 (page 51)
> Advices to the Minister for Transport on international best practice in commuter rail procurement, service quality in public transport and reliability governance (page 53)
> Completion of international research on best practice in procurement of commuter rail services (page 52).
Achievements for 2007-08

Highlights from Annual Transport Reliability Report 2007-08

ITSRR prepares an *Annual Transport Reliability Report* as required under the Transport Administration Act 1988.

Many of the trends and issues emerging in 2006-07 continued in 2007-08. The change in Commonwealth Government has created a new national level interest in public transport. In NSW, the Government announced commitment to major new public transport systems including the North West Metro, and examination of other Metro proposals. IPART commenced its review of CityRail economic regulatory arrangements.

The ability of the Ministry of Transport to deal with and advise Government on policy regarding these matters will depend at least in part on the quality of data – in terms of its accuracy and useability for analysis. Much of this data is reported from transport service providers under agreements which deal with reliability standards. There is a case that reporting under these agreements should be examined to ensure the Government receives the most useful information.

The main findings from this year’s *Annual Transport Reliability Report* were as follows:

For rail:

> the performance of RailCorp’s Metropolitan Rail Area network was adequate however there remain a number of unresolved matters regarding freight access and interactions with the Commonwealth

> reporting by Rail Infrastructure Corporation further improved and the Government is moving to resolve the questions about the adequacy of long term planning and grain transport. In 2007-08 there was a shift in the pattern of use of the network with increased coal tonnages but reduced tonnages in other commodities

> CityRail’s overall operational performance met standards set by the Government and complaints from the public reduced however on-board crowding increased. The Epping to Chatswood Rail Line was not completed in the year but will be opened in 2008-09

> CityRail patronage increased by around 4-5% to recover to levels of the mid-1990s. Growth appears to have been concentrated at peak hours. Future performance in terms of crowding and operational indicators may become more sensitive to growth

> CountryLink patronage fell by 4% - the sixth consecutive decline.

Important matters for 2008-09 include ensuring that the community’s investment in CountryLink is safeguarded, the introduction of the Epping to Chatswood Rail Line, and (again) dealing with CityRail’s capacity in an environment of growing demand.

The need to ensure the interoperability of Automatic Train Protection systems that may be installed by the various rail organisations remains.

For buses, ferries and transport coordination in 2007-08:

> metropolitan bus patronage rose by around 3% and complaints rose by around 5%

> ferry patronage decreased by 0.5% to 1%. Reported operational performance remained strong but complaints increased substantially. An issue is whether reports to the Government are sufficiently disaggregated by route and time of day. The Government has yet to respond to the Special Commission of Inquiry into Ferries

> the 131500 Transport Infoline was used more frequently

> implementation of an integrated ticketing system was delayed because of a dispute between the Government and the contractor which led to termination of the contract.

For buses, the Ministry of Transport’s intended roll-out of integrated networks was delayed due to World Youth Day preparations. It is expected that this will occur in 2008-09.
Major public reports prepared

In 2007-08 ITSRR published four public reports regarding the reliability of transport services (see also service measure on this page).

The Survey of CityRail Customers 2007 was conducted at the start of 2007-08 and released in September 2007. This is the fourth in the series of ITSRR’s annual surveys. It showed that passengers perceived and experienced some improvement in services in 2006-07, albeit with on-board crowding becoming more of an issue.

ITSRR will conduct another customer survey in July 2008 and publish the findings in September 2008.

The Annual Transport Reliability Report 2006-07 was released in November 2007 and highlighted the emerging challenges for public transport in NSW, in particular that arising from growth in patronage in Sydney on both rail and buses. Other Australian cities are also experiencing growth. The report also noted that the State Plan had for the first time provided specific goals for public transport, as is done in many other cities.

The other two reports were public submissions to the following Independent Pricing and Regulatory Tribunal (IPART) reviews:

- review of the interface between the land transport industries and the stevedores at Port Botany
- review of fares for CityRail in NSW 2007.

The Transport Service Reliability Advice program undertakes a significant amount of research and data analysis to support its advisory function and to contribute to ITSRR’s safety regulation role.

In 2007-08 research and data analysis work included:

- publication of the Survey of CityRail Customers 2007 and the Annual Transport Reliability Report 2006-07
- advice to the Minister for Transport on service quality in public transport and reliability governance

Service measure

No. of major public reports prepared

Definition

ITSRR publishes a number of reports, often including interim and final reports, each year dealing with the reliability of publicly funded transport services. ITSRR also may publish reports on matters referred to it by the NSW Minister for Transport and prepare public submissions to the Independent Pricing and Regulatory Tribunal (IPART).

Result

Major public reports prepared

Comment/analysis

ITSRR increased its base level of reporting in 2007-08 given the preparation of two public submissions to IPART.

Forecast

In 2008-09 ITSRR will further report on bus customer satisfaction and provide submissions to the IPART review of CityRail regulatory arrangements. It also is intended to publish two reports each year on transport reliability, and more regular public reporting on the performance of CityRail.
Service measure
No. of routine and policy advices prepared for the Minister

Definition
Advice is provided to the Minister for Government consideration on an in-confidence basis, including advice on reports provided by transport authorities. Summary and analysis of transport results embodied in these reports is included in the Annual Transport Reliability Report.

Result
The number of policy advices provided reflects requests from the Minister and work initiated by ITSRR.

Comment/analysis
The number of policy advices provided reflects requests from the Minister and work initiated by ITSRR.

Forecast
As at early 2008-09, the Minister has requested policy advice on two issues and ITSRR has identified three others.

The number of routine advices provided reflects reports to the Minister and Ministry of Transport under the Rail Performance and Ferries Performance Agreements. These agreements require a report each month from RailCorp and Sydney Ferries Corporation to the Minister. The Ministry has requested that ITSRR provide it with advice on these reports when they are received.
Independent advice provided to Government

During 2007-08 ITSRR provided the Ministry of Transport with comments on significant issues arising from monthly reports made to the Minister and Ministry under the Rail and Ferries Performance Agreements. The content of the reports and advices is taken into consideration in ITSRR’s Transport Reliability Report 2007-08.

In addition to these regular advices, ITSRR also may provide the Minister or Ministry with advice on any matter relating to policy for the reliability of funded transport services. This is done on a confidential basis, unless the Minister provides a public reference request concerning the advice.

During 2007-08 advice was provided on topics including the service quality in public transport, performance indicators, reliability governance and methodologies for assessing certain aspects of bus industry performance.

Future directions

The future directions for the Transport Service Reliability Advice Program reflect its Corporate Plan Priorities 2008-09 which are to:

1. Advise the NSW Government on:
   > reliability issues to be considered in the future of the Country Regional Network
   > development of a new Rail Performance Agreement with RailCorp based on ITSRR’s international research
   > surveys and analysis required to assess bus operational performance
   > the reliability implications of the draft National Transport Plan.

2. Provide regular public reporting on the performance of CityRail.

3. Implement an annual survey of metropolitan bus customers.

4. Advise on the safety and reliability of major emerging transport projects (Metro Links, Automatic Train Protection, etc).

Performance indicator:

% of reports/advises provided to the Minister within scheduled timeframes

Definition

This indicator reflects ITSRR’s timeliness in providing the required reports and advices.

Result

Reports/advises provided to the Minister within scheduled timeframes

Comment/analysis

A good result reflecting ITSRR’s ongoing efficiency in providing timely reports.

Forecast

Expected to achieve the same result.

Ian Kearns (Director Reliability Analysis and Reporting), Maria Kerjean (Executive Assistant) and Theresa Mejia (Principal Research Officer) are part of ITSRR’s service reliability team.
Program description
ITSRR defines corporate governance to include its leadership and management structure together with the support service functions which combine to ensure ITSRR operates efficiently and effectively and achieves its legislated objectives.

The Corporate Governance program therefore underpins the effective delivery of results and services detailed in ITSRR’s three other programs.

More information on leadership and management structures is on page 45.

Program’s intended results
As noted above, this program contributes to the result of ITSRR’s three core programs. To achieve this, the program aims to achieve the following service goal: excellence in corporate governance.

Program services
- Corporate planning and performance reporting
- Corporate risk and opportunity analysis
- Information technology systems
- Organisational development including staff training and professional development
- Corporate services including financial management, human resource management, payroll and OHS
- Administrative and office support services.

Program context
As a publicly funded agency, ITSRR operates within the policy and financial directions of the NSW Government.

During 2007-08 key contextual issues for ITSRR’s corporate governance services included:
- support for the continued enforcement of regulatory requirements for rail safety
- recruiting staff in a tight labour market
- operating efficiently to achieve budget targets.

Stakeholders
The Chief Executive and Executive Management Team, all staff, central agencies such as NSW Treasury and Department of Premier and Cabinet, the NSW Parliament and the general public.

Focus areas
Focus areas for this report are as follows:

- Management support systems (see page 56)
- Corporate performance management including risk management, corporate planning, knowledge management, IT, performance review, internal audit and complaints (see page 56)
- Our people – staff development and wellbeing (see page 60)
- Workplace culture including a supportive work environment and organisational change (see page 65)
- Environmental management (see page 67)
- Financial and asset management (see page 68).

Carolyn Walsh (Chief Executive) briefs staff on the Corporate Plan priorities for 2007-08.
Budget
During 2007-08 ITSRR allocated 30% of total expenses (which funds 17 staff, including Executive Management Support) to the Corporate Governance program. Expenditure on this program includes corporate overheads such as rent, electricity and outsourced services functions such as financial reporting and payroll.

Program priorities 2007-08
> Build on strategic human resource strategies to attract, retain and skill ITSRR’s workforce (page 61).
> Complete the major development of ITSRR’s information systems and continue their integration into everyday business activities (page 58).
> Achieve quality certification (ISO 9001) for ITSRR’s business systems for rail safety regulation (page 57).
> Build on ITSRR’s KPIs to support a robust performance management culture (page 59).

Achievement highlights
Key achievements for this program for 2007-08 were:
> Release of an enhanced Corporate Management System which consolidates all policies, processes and documentation into reference source (page 57)
> Major build of ITSRR’s corporate IT systems now complete (page 58)
> 36 (44%) staff have now participated in postgraduate transport safety education (page 62) with 20 staff undertaking study during the year
> 70 (86%) staff participated in business writing workshops, with 74% rating it highly effective (page 62)
> Development of a new intranet that is more user-friendly and facilitates growth of corporate knowledge and staff interaction (page 57)
> Implementation of a mentoring program to support the career development of graduate trainees (page 63)
> Development of enhanced staff performance management scheme (page 60)
> Delivery of services on-budget (page 68)
> ITSRR’s Annual Report 2006-07 receiving a silver award in the Australasian Reporting Awards (page 59).
1. Management support systems
Supporting ITSRR’s overarching management structure are a number of internal committees including:

**Governance Committee**
This committee comprises the Executive Management Team, this Committee focuses solely on governance issues. During the year it considered:

- strategies for reinforcing requirements for staff to diligently maintain accurate records
- progress on the implementation of previous audit recommendations
- implications of a NSW Audit Office performance report on agency efficiency.

The Committee also authorised an audit of procurement and accounts payable processes which was completed in June 2008 (see page 59).

**Information Management and Technology (IM&T) Steering Committee**
This committee comprises a cross-section of ITSRR senior staff and takes a direct and active role in managing IM&T governance within ITSRR.

During 2007-08 the Committee reviewed implementation of the IM&T Strategic Plan 2006-09 and ensured that continued progress was achieved in attaining higher technical and process capability. Details of IT achievements for the year are on page 58.

**Occupational Health and Safety Committee**
Comprising five staff, the committee takes an active role in OHS by meeting regularly to discuss staff needs, workplace risks and injury claims and ensuring that appropriate action is taken to address identified risks. More details on page 64.

2. Corporate performance management
This section includes risk management and corporate planning, knowledge management, information and technology management, corporate performance review, internal audit and complaints handling.

**Integrated risk management**
ITSRR’s risk management policy and procedures are based on the Australian Standard AS4360 and tailored for ITSRR’s specific requirements.

ITSRR’s integrated risk management process follows the phases detailed in the diagram below.

During the year ITSRR continued to employ a range of risk analysis tools that are becoming increasingly informative as levels of data, knowledge and expertise within the organisation increase.

All divisions undertook a risk and opportunity analysis to feed into the corporate planning cycle.

Risk and opportunity registers at the corporate and divisional level were prepared and used for the planning cycle.
Significant risks and opportunities noted in the identification process included:

> heightened demand for advisory services on transport reliability and sustainability with new national policy frameworks and transport projects
> the need to further improve agency data and help guide national data improvement processes
> the need to focus on acquiring, retaining and developing staff.

The means to address the corporate opportunities and risks were translated into strategies in the Corporate Plan priorities and divisional plans for 2008-09.

Reporting against these plans will identify whether these risks and opportunities have been addressed. Any new strategies needed will be incorporated into the plans, reflecting a flexible and dynamic planning approach.

**Corporate planning**

ITSRR is now approaching the third year of its Corporate Plan 2006-09 which sets out its values, approaches and results logic framework.

This year the planning cycle confirmed these foundations, while making specific changes to the results logic to reflect an enhanced approach to transport safety advice.

To develop the Corporate Plan Priorities 2008-09, ITSRR conducted several internal workshops in May and June 2008, working through issues that impacted on performance and establishing future directions.

The risk management work outlined above provided a solid foundation for this process.

To ensure the planning process reflected a composite and informed approach, input from external stakeholders including the Rail Safety Strategic Forum, the Advisory Board and staff was sought prior to the conduct of the workshops. This ensured that fresh ideas and perspectives on ITSRR’s current performance and future directions were canvassed.

In addition, a regulatory intelligence paper was prepared for the workshop to heighten corporate knowledge of the rail industry safety issues that needed to be considered when determining future priorities.

As a result of this input and strategic review, ITSRR’s corporate priorities for 2008-09 reflect a strengthened risk and evidence-based approach.

The priorities set the direction for divisional plans which provide the basis for individual performance agreements between managers and staff.

Copies of the priorities are available in hard copy and on ITSRR’s website.

**Knowledge management activities**

ITSRR continued to build its corporate knowledge in 2007-08 through the following avenues:

> industry information and audit data was translated into evidence-based regulatory intervention strategies
> internal communication activities occurred regularly, including monthly all staff briefings and regular email alerts summarising topical industry and organisational issues
> the Intranet was revamped to be more user-friendly, enhancing access to information such as the Corporate Management System, and providing details of individual staff member’s professional interests and expertise
> corporate reporting systems were enhanced with more automated data storage and reporting functions
> corporate planning workshops featuring a broad range of senior managers provided the opportunity for cross-divisional learning and resolution of issues impacting on corporate performance.

**Corporate Management System**

ITSRR manages its corporate knowledge through a system of documented and easily accessible business processes, policies, and templates.

These documents, stored in the Corporate Management System (CMS), provide the basis on which staff conduct their day-to-day business activity.

The CMS is a critical foundation for ITSRR achieving ISO certification. While ITSRR was unable to fulfil its corporate priority for 2007-08 to achieve ISO certification for its rail safety regulatory processes, work on the CMS in articulating and documenting business processes has laid the foundations to progress towards certification in 2008-09.
Performance indicator: % of Information Management and Technology Strategic Plan implemented

Definition
ITSRR’s IM&T Plan 2006-2009 outlines the direction and specific milestones for ITSRR’s IT services, including support and development activities. It is aligned to ITSRR’s Corporate Plan 2006-09. This indicator measures the rate of progress for projects scheduled for the reporting year.

Result
Information Management and Technology Strategic Plan implemented

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006-07</td>
<td>72%</td>
</tr>
<tr>
<td>2007-08</td>
<td>82%</td>
</tr>
</tbody>
</table>

Specific CMS activities progressed during the year included:
> identifying and addressing deficiencies in documented business processes
> critiquing business processes against agreed criteria to achieve consistency in information and presentation
> consolidating corporate documents into a central storage point
> launching an enhanced product as part of the new intranet.

The key focus for 2008-09 will be to continue to work toward achievement of ISO certification for rail safety regulation processes. Scoping work has begun.

Information management and technology (IM&T)
During 2007-08 ITSRR successfully implemented the second year of its IM&T Strategic Plan 2006-09. Notable successes during the year included:
> finalising the major development work for ITSRR’s corporate systems, enabling better management and tracking of regulatory activities
> the development of a platform to manage ITSRR’s information holdings, ensuring ready access to high quality reports
> redevelopment and launch of ITSRR’s new intranet, enabling staff to access corporate information and promoting interaction across the whole organisation.

In completing the major development work, enhancements to ITSRR’s in-house data management system were released. These enhancements facilitated the following:
> support for the process whereby operators notify ITSRR of changes to their railway operations
> support for a classification system of operators to enable better targeted auditing
> findings to be classified by the national audit structure

Comment/analysis
The IM&T Strategic Plan was deliberately ambitious to ensure that the team could progress high priority projects and tasks in a changing environment. The improved result for this year compared to 2006-07 reflects the increased integration of IT into regulatory activities, enabling more IT projects to be achieved.

Forecast
In the final year of the three year Plan, ITSRR anticipates achieving 95% of planned activity.
Key focuses for 2008-09 include:
> changes to the accreditation module to support current business processes
> the development of reports to enable better tracking of workloads
> changes to the audit ‘architecture’ to allow improved tracking of due dates for activity follow up
> the ability to better link regulatory activities so as to close out safety actions.

Key focuses for 2008-09 include:
> the development and implementation of key technologies to improve business intelligence
> a strong focus on information and data quality to ensure that the business has the right information to achieve its results.

Performance review
Strategic review of performance is essential to ensuring that ITSRR is delivering its intended program results and service goals. The performance review framework established by ITSRR utilises various forums and techniques to ensure progress is maintained.

Internal performance reporting
Monthly Executive Management Team (EMT) meetings provide a forum for regular assessment of broader performance-related issues and the development of strategies to address issues that may arise.

Quarterly performance reviews of the results achieved by each division are conducted by the Chief Executive. All staff from the division being reviewed attend the forum, providing the opportunity to not only evaluate performance, but to share information and discuss future strategies required and issues that need to be addressed.

EMT six-monthly high level reviews of the organisation’s progress against the Corporate Plan. These discussions facilitated changes to strategies and intended results dependent on the operational context – for example, the progress of national reforms.

External performance reporting
External corporate performance reports prepared during the year included the draft (November 2007) and final (May 2008) Results and Services Plans to Treasury as part of the Budget process. These reports were delivered on schedule, met the required legislative criteria and reflected the risk management work undertaken (as outlined on page 56).

The Annual Report 2006-07 was also prepared to schedule and won a silver award in the Australasian Reporting Awards. The awards promote the use of best practice reporting criteria and provided ITSRR the opportunity to benchmark its report against private and public sector organisations across Australia.

External feedback provided by a reviewer from ARA has been considered in the preparation of this annual report.

Key performance indicators
During the year, ITSRR continued to develop its key performance indicator work on two fronts:
> internally improving its regulatory KPIs
> working with the Ministry of Transport and NSW Maritime to analyse improvements for performance and safety indicators for each agency.

A key focus for this improvement program was providing a consistent framework against which to map indicators and the inclusion of relevant contextual data to provide more meaningful indicators.

In ITSRR’s case, the focus has been on identifying better quality indicators to measure the outcomes of audit and compliance work on an industry-wide basis.

ITSRR anticipates that following further consideration and refinement, enhancement of its suite of key performance indicators will continue during 2008-09.

Internal audit
In May 2008 the Governance Committee commissioned an independent audit of the controls and procedures for procurement and for payment of general operating expenses.

The audit concluded that “a sound control environment exists in the purchasing and payment processes for general operating expenses at ITSRR”.

The audit made minor recommendations to enhance controls and improve operations and ITSRR will implement these recommendations.

Corporate complaints handling
ITSRR seeks to effectively review and address any complaints from its internal and external stakeholders on the delivery of ITSRR services.

<table>
<thead>
<tr>
<th>Complaints</th>
<th>2007-08</th>
<th>2008-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>External</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Internal</td>
<td>0</td>
<td>0</td>
</tr>
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External
External stakeholder complaints are usually directed to senior regulatory staff and dealt with in an appropriate way according to the nature of the feedback.

During 2007-08 ITSRR did not receive any formal complaints.

Formal requests by rail operators for reviews of a regulatory decision are managed by the Executive Director Transport Regulation Strategy to ensure the review is independent from the area making the original decision. Four requests for reviews by operators of notices issued by ITSRR were made during the year (see page 34).

If the operator is not satisfied with ITSRR’s review, it can appeal through the Administrative Decisions Tribunal. No such appeals were made during 2007-08.

Internal
Internally, complaints by staff can be directed to the Executive Director of Corporate Services and Planning. During the year no complaints were received.
Performance indicator:
Stability rate

**Definition**
This indicator reflects employee turnover. The data measures the proportion of employees at 1 July who remained employed at 30 June for that respective year. A high stability rate indicates that employee turnover was limited to a relatively small percentage of positions.

**Result**

<table>
<thead>
<tr>
<th>Year</th>
<th>Stability Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004-05</td>
<td>90%</td>
</tr>
<tr>
<td>2005-06</td>
<td>90%</td>
</tr>
<tr>
<td>2006-07</td>
<td>89%</td>
</tr>
<tr>
<td>2007-08</td>
<td>88%</td>
</tr>
</tbody>
</table>

*Public sector benchmark 2005-06 (most recent data available)*

**Comment/analysis**
A comparatively high number of skilled staff resigned during the year to accept new employment opportunities. The demand for staff with specific skills in areas such as risk and safety has been high and is likely to increase in the future.

**Forecast**
Staff retention will continue to be a challenge that ITSRR will work to address.

---

3. Our people – staff development and wellbeing

ITSRR aims to be an employer of choice and demonstrates this through its strong commitment to staff wellbeing, both professionally and personally.

Key aspects of being an employer of choice are providing staff with challenging work, appropriate learning and development opportunities and flexible work arrangements, under which work and life responsibilities can be balanced.

Strategies to ensure that these requirements are met include:

- a performance development and evaluation scheme that links individual performance to ITSRR’s corporate priorities, provides constructive feedback and encourages personal and career growth
- professional learning and development opportunities based on organisational and individual needs
- a workplace culture that respects family and life commitments, facilitates learning in formal and informal environments and creates a sense of community.

Justine Kinkade (HR Liaison Officer) and Paul Harris (Executive Director, Corporate Services and Planning) analyse a range of data to deliver ITSRR’s human resource strategy.
**Workplace policy and strategies**

ITSRR has workplace policies which detail various employment requirements. Such policies are designed to promote staff wellbeing by ensuring equity and fairness in opportunity and work conditions. These policies are supported by specific strategies designed to engage and develop staff for their current and future roles.

**Strategic human resource review**

ITSRR’s corporate priorities for 2007-08 included “building on strategic human resource strategies to attract, retain and skill ITSRR’s workforce”. This priority was achieved on a number of fronts.

During July-August 2007, ITSRR conducted a strategic human resource management review to determine the adequacy of current human resource strategies. It included consultation with senior managers on future directions.

The review confirmed that the current human resource framework was working well, although there were some areas where enhancement would add value. These enhancements included a revision of the Performance Development Scheme, introducing mentoring to support staff in graduate trainee positions and a broader focus on delivery of learning and development.

**Definition**

This indicator measures average sick leave taken by staff during the year.

**Result**

Average sick leave taken per employee

<table>
<thead>
<tr>
<th>Year</th>
<th>Average Sick Leave (hours)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-06</td>
<td>47</td>
</tr>
<tr>
<td>2006-07</td>
<td>40.6</td>
</tr>
<tr>
<td>2007-08</td>
<td>48.3</td>
</tr>
</tbody>
</table>

Public sector benchmark 2005-06 (most recent data available)

<table>
<thead>
<tr>
<th>Year</th>
<th>Average Sick Leave (hours)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-06</td>
<td>40.6</td>
</tr>
</tbody>
</table>

**Comment/analysis**

As a small agency the average sick leave rate can fluctuate widely if a serious illness affects one or two staff members. Whilst an increase from last year, this year’s result is still below the public sector average for the policy sector.

**Forecast**

ITSRR regularly monitors levels of sick leave, while acknowledging that staff should not attend work if not well enough to do so and that staff can at times be required to undertake caring duties for sick children or elderly relatives.
Performance management
As a result of the strategic human resources review, the performance development scheme was revised and renamed the Performance Development and Evaluation Scheme. Major enhancements to the scheme include:

- clearly articulating requirements for managers to provide detailed constructive feedback to staff on performance
- creating a stronger achievement nexus with the requirement for staff to include challenging goals as part of their performance plan
- new rating scales.

Additionally, options for staff to undertake training courses are now directly linked to the scheme and this will facilitate more extensive evaluation of approved training.

The new scheme will be fully operational in 2008-09.

Learning and development
ITSRR staff need a broad skill base covering industry knowledge, risk analysis and a sound understanding of safety management systems. They also require skills and knowledge of safety regulation frameworks, especially in audit and investigation, and the ability to communicate effectively.

A review of learning and development was completed during the year. This resulted in changes to the Learning and Development Policy and refinement to the framework of essential learning and development requirements for staff.

New focuses include:

- clearly documented learning requirements for new staff during induction
- using available in house expertise to deliver specific skills related training
- ensuring training plans for staff are targeted at a specific skill or knowledge requirement and are included in the Performance Development and Evaluation Scheme
- implementing strategies for evaluation of the outcomes of external training
- raising awareness and skills levels in the preparation of written correspondence.

As a result of the learning and development review, 90% of staff attended a business writing course titled ‘Be Writing’. Run by an external facilitator, the course involved a one-day workshop, followed by one-on-one (or small group) coaching sessions with the presenter.

The course was extremely popular with staff. Some 74% of respondents rated their overall satisfaction with the program at or above eight on a scale of one to ten and 94% agreed that they would recommend the course to others.

Ian Kearns, Manager Reliability Analysis and Reporting, made the following comment:

“For me, two of the key messages were to fully understand the needs of a document’s prospective readers and always ensure presentation is of the highest quality. I will be ensuring that these continue to be implemented within my branch.”

Additional training support provided during the year included the Authorised Officer training course. The course comprised of a week of intensive training conducted by experienced ITSRR staff, detailing the regulatory requirements for field work. This is the first year that the course has been fully conducted by ITSRR staff, demonstrating the maturity and level of competence ITSRR staff now have.

The key focuses for 2008-09 are to ensure that learning and development continues to be refined to ensure alignment with ITSRR’s needs and that targeted development strategies are equitably implemented across the organisation.

Professional development
ITSRR’s Professional Development Program encourages staff to undertake postgraduate training in transport safety. The primary course offering such training is the Graduate Certificate in Transport Safety run by the University of NSW.


Last year 13 staff graduated with the Graduate Certificate in Transport Safety. During 2007-08 a further 20 ITSRR staff were enrolled in one or more of the subjects, with 12 nearing completion of the requirements for the Graduate Certificate. These staff will either attend the graduation ceremony in the second half of 2008 or will, with the support of ITSRR, go on to achieve a higher level of qualification.

In total, 36 of ITSRR’s staff of 81 have now participated in one or more modules of the Certificate.
Graduate trainee program

ITSRR has recognised that the skill requirements in safety and risk management for its operational roles has increased the difficulty in recruiting skilled and competent staff from external sources.

A key strategy to address this is the graduate trainee program. The program aims to develop trainees for the roles of Authorised Officers within a two year period. (‘Authorised Officers’ are those staff authorised under the Rail Safety Act 2002 to conduct field work on railway sites. To be an Authorised Officer staff need to complete relevant training and be able to demonstrate the required levels of competency).

Trainees are provided with targeted work designed to develop their regulatory expertise and are required to complete the Graduate Certificate in Transport Safety. They undertake introductory training in the essential skills and knowledge for Authorised Officers and participate in a mentoring program. Mentors are drawn from ITSRR’s existing staff and are provided with specific training for the role.

Four graduate trainees participated in the program during the year. The following comments reflect the success of the program:

Vikram Ahi

The graduate trainee program offered by ITSRR helped me immensely in dealing with the challenges faced by my new position as a rail safety officer.

I worked with my mentor in the planning, preparation and conduct of audits and he guided me through each stage of the audit process.

This program not only facilitated my career growth within the organisation but also provided me with greater confidence to face challenges like managing time and conflicting priorities and pressures.

Vera El-Bacha

When I first saw the advertisement for the “graduate trainee rail safety officer” I pondered... for a few days and then applied. I did so because I wanted a challenge and I knew this job could provide me with one. The versatility of the role is what I enjoy the most. My peers are very supportive and I feel like “one of the boys”. I carry that confidence and support provided to me in the office out into the field. In the 21st century there are no longer any jobs which are gender specific. Irrespective of gender, we are able to achieve all that we desire through motivation and support provided to us by our organisations.
Performance indicator: No. of injuries reported, no. of claims and total time lost

Definition
This indicator measures the number of injuries reported to management by staff, the number of compensation claims made by staff and the time lost to ITSRR as a result of the injuries.

Result

Injuries reports, claims and total time lost

<table>
<thead>
<tr>
<th>Year</th>
<th>Injuries reported by staff</th>
<th>Injury claims made by staff</th>
<th>Total time lost to ITSRR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004-05</td>
<td>6</td>
<td>2</td>
<td>40</td>
</tr>
<tr>
<td>2005-06</td>
<td>7</td>
<td>4</td>
<td>80</td>
</tr>
<tr>
<td>2006-07</td>
<td>9</td>
<td>3</td>
<td>120</td>
</tr>
<tr>
<td>2007-08</td>
<td>8</td>
<td>2</td>
<td>160</td>
</tr>
</tbody>
</table>

Comment/analysis
Whilst the number of claims by staff during 2007-08 was lower than previous years, the increase in time lost reflects the nature of the injuries. ITSRR continues to provide strong support to affected staff.

Forecast
While ITSRR has improved its review of injuries, it is difficult to forecast changes given the low number of injuries. ITSRR will continue to encourage the reporting of all injuries and near misses and ensure that return to work support is provided when injury does occur.

Occupational health and safety (OHS)
ITSRR values the health and safety of its staff and is committed to facilitating an organisational culture that actively seeks to improve work practices and to foster attitudes that sustain healthy and safe work environments. All new staff receive induction training on OHS requirements and their responsibilities.

ITSRR’s OHS Committee, comprising staff and employer representatives, provides a forum for staff to raise their OHS issues and have them dealt with appropriately. In January 2008, two new employee representatives were nominated and joined the Committee.

The OHS Committee meets every three months, with decisions referred to the Executive Director, Corporate Services and Planning for endorsement and/or acknowledgement.

One initiative of the Committee was to promote Safe Work Australia where workplaces are encouraged to conduct events to raise safety awareness. The Committee ran a competition to identify and develop solutions for an office hazard and conducted a staff breakfast to raise awareness and recognise the contributions made to a safer workplace. The competition led to the installation of mirror domes for corridors where visibility is restricted when walking around corners.

Action was also taken to improve injury reporting by creating a standard electronic form for reporting injuries and incidents. This allows monitoring that review and assessment of each injury has been undertaken.

A further initiative during the year was the development of a specific OHS Manual for Authorised Officers. This manual consolidates various OHS policies and guidelines and provides comprehensive information on the risks that our authorised officers face when undertaking field work. Similar to delivery of many of our learning and development initiatives, in-house expertise was used in the development of specific safety related information for the manual.

Priya Shunmugam (Accounts Administrative Officer) and Claudia Harrop (Manager, Administration) ensure ITSRR’s finance and administration systems function effectively.
Privacy Management Plan
ITSRR maintains a Privacy Management Plan, developed in line with Government policy and the Privacy and Personal Information Protection Act 1998, to ensure staff needs and rights are protected. No internal complaints were lodged with senior management during the year.

Staff diversity – equal employment opportunity
ITSRR values the diversity of its staff and advocates equality of employment opportunity (EEO).

Each year ITSRR prepares an Equal Opportunity Management Plan in line with requirements under the Anti-Discrimination Act 1977. It provides a report against the Plan to the Department of Premier and Cabinet annually. The Plan outlines ITSRR’s commitment to the promotion of equality of employment based on merit and a considerate and harassment free workplace.

It also supports the delivery of ITSRR’s corporate governance activities with the aim of achieving ‘excellence in corporate governance’ as well as the implementation of its corporate and divisional plans.

The EEO plan aims to:
> improve access to information relating to ITSRR’s human resource policies and practices
> create a diverse and skilled workforce
> improve employment access and participation for EEO groups
> promote a workplace culture that displays fair practices and behaviour.

EEO activities in 2007-08 included:
> offer of an Aboriginal cadetship, providing three months work in ITSRR’s office in combination with studying safety science at university. No applications were received.
> conduct of a survey to ensure staff EEO details were accurate and up-to-date.

For details on ITSRR’s staff by EEO group, see page 112.
In 2008-09 ITSRR will review its recruitment strategies ensuring that EEO responsibilities are clearly communicated and pursued by staff.

A further initiative planned for 2008-09 is the development of in-house training on EEO, OHS and ethnic affairs principles and practices.

Ethnic Affairs Priority Statement
Being a relatively small agency that does not deliver direct services to the public, ITSRR does not have specific policies and procedures on multicultural issues and is not required to develop a relevant plan.

ITSRR is however cognisant of the principles of multiculturalism as reflected in its Ethnic Affairs Priority Statement.

The Statement is aligned to the broader direction of the Community Relations Commission’s Plan of Action 2012.

As a result, ITSRR continued with the following activities during 2007-08:
> provision of interpreter services as part of its independently commissioned surveys of CityRail customers
> ensuring its recruitment practices are merit-based and do not disadvantage any specific cultural group
> ensuring that discrimination is not tolerated in any behaviour or practice in relation to ITSRR
> taking into consideration cultural needs of our staff and stakeholders in our communication activities.

ITSRR will continue to undertake these activities in 2008-09.

4. Workplace culture
ITSRR aims to have a workplace culture based on its agreed corporate values of professionalism, transparency, integrity and innovation. ITSRR works to achieve this through a variety of work and social activities and events.

ITSRR’s values were confirmed unchanged in the 2007-08 corporate planning process. Further, the values were reinforced by aligning them to the content in the authorised officer training course and through the range of professional development opportunities that were provided.

During 2007-08 staff clearly demonstrated the behaviours underpinning ITSRR’s values through their participation in both corporate and social activities. Participation on both fronts remained high.

The following case studies capture the spirit of ITSRR’s staff attitude and actions.

Lunchtime knowledge sharing sessions
ITSRR’s workplace culture is continually enhanced through learning and development. The value placed on learning and development is reflected in both the formal and informal learning opportunities provided and the uptake of staff of these activities.

One such ongoing activity is the voluntary lunchtime sessions involving staff presentations on various topics from their area of expertise.

High levels of attendance indicate a healthy respect for the expertise of others and a willingness to engage with and learn from colleagues.

Topics covered during the year included:
> Co-regulation: realities and myths
> A day in the life of an Authorised Officer
> A history of NSW rail.

These sessions will continue in 2008-09.
Recognition of causes

ITSRR staff regularly demonstrate social awareness and community through activities such as raising money for charity with Friday ‘mufti day’, donating blood to the Australian Red Cross Blood Service and supporting significant community causes.

This year ITSRR staff also recognised the contribution of women by celebrating International Women’s Day with a fundraising element.

The chosen focus for this event was Aboriginal women, with money raised provided to the Yulawiri Nurai Indigenous Association, an incorporated body based in Morisset, NSW.

The Association’s purpose is to provide support to Aboriginal people during and after their release from prison. It has a women’s post-release program to help Aboriginal women with their accommodation, health, custody, education and employment needs after time in prison. The donation from ITSRR staff funded art supplies for the women.

ITSRR staff also acknowledged Aboriginal Sorry Day on 13 February 2008 through informal meetings on the day.

Fundraising and social events

ITSRR has a robust staff Social Club that meets regularly after work for drinks. These meetings often celebrate staff successes, help introduce newer staff members and build networks across divisions that are invaluable for ITSRR’s daily work.

Funded by donations, the Social Club this year held the following events:

- the ITSRR Cup, a Melbourne Cup event with a model train race
- the annual Christmas party
- a photo competition to generate images for use in publications.

Individual staff also contributed by:

- sponsoring male staff to grow mustaches and beards to support the Movember cause which raised funds for the Prostate Cancer Foundation
- arranging a Tupperware party to raise funds for beyondblue (the national depression initiative)
- participating in the world’s biggest morning tea which raised over $500 for the Cancer Council
- preparing an extensive food lovers cook book with staff’s favourite recipes.

Staff photo competition

Having photos of adequate quality for an annual report can be a challenge. To help out, ITSRR’s Social Club initiated a novel approach. Rather than employ a professional photographer why not utilise staff expertise by running a photo competition?

The idea was vigorously supported by ITSRR’s Strategic Communications Unit.

Numerous entries both were received that demonstrated the photographic skills of staff. The competition was judged by the Executive Management Team with prizes awarded for excellence. There was also a Social Club prize and a People’s Choice Award.

Many of the photographs in this report give testament to the quality and professionalism of the competition entries. Some of the winning entry photos can be viewed on pages 27, 46, 47 and 68.

Organisational changes

The Chief Executive and Executive Management Team are very conscious of the need to maintain and promote a positive work culture for ITSRR.

As a result of issues raised during the corporate planning process, concerning the impact of work pressures on the staff effectiveness, ITSRR arranged for an external review to be conducted of work arrangements.
Interviews were conducted with managers across ITSRR and staff from the Rail Safety Regulation Division. Quantitative analysis of outputs and key performance indicators was also included in the process to develop constructive recommendations to improve work arrangements.

The review findings recommended strategies to improve work arrangements by:

- providing greater role clarity
- improving communications between key areas
- focusing on staff development that encompasses more than technical skills
- more clearly articulating work priorities.

The recommendations from the review were consistent with many of the priorities established during the corporate planning process, such as introducing an enhanced performance development and evaluation scheme and new staff development strategies.

The results of the review also assisted in firming up plans for realignment of various areas of the organisational structure to position ITSRR to meet the challenge of delivering against its corporate priorities for 2008-09.

A particular priority for the restructure was enabling the delivery of the enhanced and broader corporate program of Transport Safety Advice. This program will require ITSRR to be more proactive in advising and influencing government and industry stakeholders. See page 17 for further details of this new corporate program and the organisational arrangements for delivering all of the priorities established for 2008-09.

5. Environmental management

ITSRR’s primary environmental impacts are its office waste and building emissions, with minimal vehicle emissions given its small car fleet.

Waste management

Paper and e-waste are the two key focuses for ITSRR’s waste management actions.

During the year ITSRR continued to implement waste reduction strategies in line with its Waste Management Plan. This included introducing a new waste collection system to encourage more effective collection of recyclables and receipt of improved data on office waste recycled from an independent source.

As a result of this, ITSRR will need to review its waste reporting and refine its key performance indicator measuring office waste recycled. ITSRR will report on this indicator in next year’s report.

In 2008-09 ITSRR intends to further reduce paper use by implementing the second phase of electronic document management, with a focus on e-invoicing.

Energy management

Whilst ITSRR is a minimal user of electricity and fuel (being a small agency and primarily office-based), it continues to consider its emissions impact and endeavours to reduce it where possible.

ITSRR’s performance goals for its energy management are to reduce building and vehicle emissions where possible.

During 2007-08 ITSRR:

- continued to review the use of the motor vehicle fleet
- used ethanol fuel for fleet vehicles in line with NSW Government requirements
- reviewed options for more fuel efficient vehicles
- liaised with building management to review any further improvements to electricity use.

In 2008-09 ITSRR aims to further reduce its electricity usage through the procurement of assets with better energy consumption ratings.

ITSRR will also contribute to strategies to deliver the NSW Government’s policy direction to be carbon neutral by 2020.
6. Financial and asset management

Financial and asset management includes the systems to manage ITSRR’s budget and its information technology assets.

Financial management

The Executive Management Team receives monthly reports which track and monitor ITSRR’s expenditure and assist the effective allocation of resources.

Summary details on ITSRR’s financial results are on page 15. Detailed audited financial statements are on page 69.

ITSRR’s main asset management activity during the year was finalising acquisition of new computers and returning existing leased computers in line with Government policy.

One benefit of this approach is that ITSRR may dispose, allocate, donate or sell any of its expired/outright bought assets to other government agencies or government-run establishments, which can continue to use and benefit from the asset.

Future directions

The future directions for the Corporate Governance program reflect the Corporate Plan 2008-09 priorities to:

1. Build workforce capacity through enhanced focus on recruitment, performance management and the development of staff
2. Build on the quality, integrity and use of information resources by ITSRR
3. Achieve ISO certification for rail safety regulation business processes
4. Develop and implement a stakeholder engagement plan to enhance ITSRR’s communications with stakeholders and its regulatory effectiveness.
On 17 March 2006 the NSW Government proclaimed the Public Sector Employment Legislation Amendment Act 2006. This Act made fundamental changes to the employment arrangements of many NSW statutory corporations through amendments to the Public Sector Employment and Management Act 2002 and other Acts.

Specifically, the Act created special purpose entities which are “Divisions” of the Government service, to provide personnel services to the statutory corporation. Employees of the Independent Safety & Reliability Regulator (statutory corporation) were assigned to the Independent Safety & Reliability Regulator Division. The effect is that they are now employees of the Government of New South Wales in the service of the Crown.

In this context, the Independent Safety & Reliability Regulator Division, assigned to the Independent Safety & Reliability Regulator (statutory corporation), is regarded as a reporting entity and is required to produce separate financial reports.

As a consequence, the annual report of the Independent Safety & Reliability Regulator must include the financial reports for the statutory corporation (as the parent entity the consolidated financial report for the economic entity (i.e. parent and Division combined) and the financial report of the Independent Safety & Reliability Regulator Division. The first two reports are in the first section of these Financials, with the Division report following.
Pursuant to section 41C(1B) of the Public Finance and Audit Act 1983, I state that:

(a) The accompanying financial statements have been prepared in accordance with
   > Applicable Australian Accounting Standards
   > The requirements of the Public Finance and Audit Act and Regulations; and

(b) The statements exhibit a true and fair view of the financial position and transactions of the Regulator; and

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

Carolyn Walsh
Chief Executive Officer
Date: 20 October 2008
INDEPENDENT AUDITOR'S REPORT

Independent Transport Safety and Reliability Regulator and controlled entities

To Members of the New South Wales Parliament

I have audited the accompanying financial report of Independent Transport Safety and Reliability Regulator (the Regulator), which comprises the balance sheet as at 30 June 2008, the operating statement, statement of recognised income and expenses, cash flow statement, program statement, expenses and revenues and summary of compliance with financial directives for the year then ended, a summary of significant accounting policies and other explanatory notes for both the Regulator, and the Regulator and controlled entities (the consolidated entity). The consolidated entity comprises the Regulator and the entities it controlled at the year's end or from time to time during the financial year.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Regulator and the consolidated entity as at 30 June 2008, and of their financial performance and their cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpreted)
- is in accordance with section 49B of the Public Finance and Audit Act 1982 (the PF&A Act) and the Public Finance and Audit Regulation 2003.

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

Chief Executive Officer’s Responsibility for the Financial Report

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

Auditor’s Responsibility

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

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 judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Regulator’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 Regulator's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive Officer, 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 Regulator or consolidated entity,
- that they have carried out their activities effectively, efficiently and economically,
- about the effectiveness of their internal controls, or
- on the assumptions used in formulating the budget figures disclosed in the financial report.

Independence

In conducting this audit, the Audit Office of New South Wales has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PwC act further promotes independence by:

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

Peter Curr
Director, Financial Audit Services

20 October 2008
SYDNEY
## Financial report of the Independent Transport Safety and Reliability Regulator

### Operating Statement

**For the Year Ended 30 June 2008**

<table>
<thead>
<tr>
<th>Notes</th>
<th>Parent</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual 2008 $'000</td>
<td>Actual 2007 $'000</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee related</td>
<td>2(a)</td>
<td>11,279</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>2(b)</td>
<td>4,622</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>2(c)</td>
<td>550</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>16,451</td>
<td>15,586</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sale of services</td>
<td>3(a)</td>
<td>200</td>
</tr>
<tr>
<td>Investment revenue</td>
<td>3(b)</td>
<td>105</td>
</tr>
<tr>
<td>Other</td>
<td>3(c)</td>
<td>753</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,058</td>
<td>755</td>
</tr>
<tr>
<td><strong>Net Cost of Services</strong></td>
<td>18</td>
<td></td>
</tr>
<tr>
<td></td>
<td>15,393</td>
<td>14,831</td>
</tr>
<tr>
<td><strong>Government Contributions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recurrent appropriation</td>
<td>4</td>
<td>15,133</td>
</tr>
<tr>
<td>Capital appropriation</td>
<td>4</td>
<td>320</td>
</tr>
<tr>
<td>Acceptance by Crown of Employee benefits and other Liabilities</td>
<td>5</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total Government Contributions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>15,453</td>
<td>14,800</td>
</tr>
<tr>
<td><strong>SURPLUS/(DEFICIT) FOR THE YEAR</strong></td>
<td>13</td>
<td>60</td>
</tr>
</tbody>
</table>

The accompanying notes form part of these statements.
## Statement of Recognised Income and Expense

For the Year Ended 30 June 2008

<table>
<thead>
<tr>
<th>Notes</th>
<th>Parent</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual 2008 $’000</td>
<td>Actual 2007 $’000</td>
</tr>
<tr>
<td>TOTAL INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Surplus/(Deficit) for the Year</td>
<td>13</td>
<td>60</td>
</tr>
<tr>
<td>TOTAL INCOME AND EXPENSES RECOGNISED FOR THE YEAR</td>
<td>13</td>
<td>60</td>
</tr>
</tbody>
</table>

The accompanying notes form part of these statements.
## Balance Sheet
**As at 30 June 2008**

<table>
<thead>
<tr>
<th>Notes</th>
<th>Parent</th>
<th>Actual 2008 $’000</th>
<th>Actual 2007 $’000</th>
<th>Actual 2008 $’000</th>
<th>Actual 2007 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>7</td>
<td>2,185</td>
<td>2,009</td>
<td>2,185</td>
<td>2,005</td>
</tr>
<tr>
<td>Receivables</td>
<td>8</td>
<td>209</td>
<td>343</td>
<td>209</td>
<td>340</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td></td>
<td>2,394</td>
<td>2,352</td>
<td>2,394</td>
<td>2,345</td>
</tr>
<tr>
<td>Non-Current Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>9</td>
<td>187</td>
<td>419</td>
<td>187</td>
<td>194</td>
</tr>
<tr>
<td>Plant and equipment</td>
<td>9</td>
<td>243</td>
<td>289</td>
<td>243</td>
<td>230</td>
</tr>
<tr>
<td>Total property, plant and equipment</td>
<td></td>
<td>430</td>
<td>708</td>
<td>430</td>
<td>424</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>10</td>
<td>1,157</td>
<td>1,059</td>
<td>1,157</td>
<td>1,119</td>
</tr>
<tr>
<td>Total Non-Current Assets</td>
<td></td>
<td>1,587</td>
<td>1,767</td>
<td>1,587</td>
<td>1,543</td>
</tr>
<tr>
<td>Total Assets</td>
<td></td>
<td>3,981</td>
<td>4,119</td>
<td>3,981</td>
<td>3,888</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td>11</td>
<td>2,519</td>
<td>2,866</td>
<td>1,301</td>
<td>1,638</td>
</tr>
<tr>
<td>Provisions</td>
<td>12</td>
<td>–</td>
<td>–</td>
<td>1,218</td>
<td>1,274</td>
</tr>
<tr>
<td>Liability to Consolidated Fund</td>
<td>4</td>
<td>158</td>
<td>9</td>
<td>158</td>
<td>9</td>
</tr>
<tr>
<td>Total Current Liabilities</td>
<td></td>
<td>2,677</td>
<td>2,875</td>
<td>2,677</td>
<td>2,921</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td></td>
<td>2,677</td>
<td>2,875</td>
<td>2,677</td>
<td>2,921</td>
</tr>
<tr>
<td>Net Assets</td>
<td></td>
<td>1,304</td>
<td>1,244</td>
<td>1,304</td>
<td>967</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated funds</td>
<td>13</td>
<td>1,304</td>
<td>1,244</td>
<td>1,304</td>
<td>967</td>
</tr>
<tr>
<td>Total Equity</td>
<td></td>
<td>1,304</td>
<td>1,244</td>
<td>1,304</td>
<td>967</td>
</tr>
</tbody>
</table>

The accompanying notes form part of these statements.
## Cash Flow Statement

**For the Year Ended 30 June 2008**

<table>
<thead>
<tr>
<th>Notes</th>
<th>Parent</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Payments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee related</td>
<td>(10,547)</td>
<td>(10,081)</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>(5,348)</td>
<td>(4,857)</td>
</tr>
<tr>
<td>Total Payments</td>
<td>(15,895)</td>
<td>(14,938)</td>
</tr>
<tr>
<td><strong>Receipts</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous receipts</td>
<td>200</td>
<td>54</td>
</tr>
<tr>
<td>Interest received</td>
<td>113</td>
<td>145</td>
</tr>
<tr>
<td>Goods &amp; Services Tax received</td>
<td>526</td>
<td>557</td>
</tr>
<tr>
<td>Total Receipts</td>
<td>839</td>
<td>756</td>
</tr>
<tr>
<td><strong>Cash Flows from Government</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recurrent appropriation</td>
<td>15,282</td>
<td>14,359</td>
</tr>
<tr>
<td>Capital appropriation</td>
<td>320</td>
<td>450</td>
</tr>
<tr>
<td>Cash reimbursements from the Crown Entity</td>
<td>–</td>
<td>(481)</td>
</tr>
<tr>
<td>Net Cash Flows from Government</td>
<td>15,602</td>
<td>14,328</td>
</tr>
<tr>
<td><strong>NET CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td>18</td>
<td>546</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM INVESTING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of property, plant and equipment</td>
<td>(50)</td>
<td>(968)</td>
</tr>
<tr>
<td>Purchase of intangible assets</td>
<td>(320)</td>
<td>(450)</td>
</tr>
<tr>
<td><strong>NET CASH FLOWS FROM INVESTING ACTIVITIES</strong></td>
<td>(370)</td>
<td>(1,418)</td>
</tr>
<tr>
<td><strong>NET INCREASE/(DECREASE) IN CASH</strong></td>
<td>176</td>
<td>(1,272)</td>
</tr>
<tr>
<td>Opening cash and cash equivalents</td>
<td>2,009</td>
<td>3,281</td>
</tr>
<tr>
<td><strong>CLOSING CASH AND CASH EQUIVALENTS</strong></td>
<td>7</td>
<td>2,185</td>
</tr>
</tbody>
</table>

The accompanying notes form part of these statements.
<table>
<thead>
<tr>
<th></th>
<th>Program 11.1.1</th>
<th>Program 11.1.2</th>
<th>Program 11.1.3</th>
<th>Not attributable</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2008 $’000</td>
<td>2007 $’000</td>
<td>2008 $’000</td>
<td>2007 $’000</td>
<td>2008 $’000</td>
</tr>
<tr>
<td>EXPENSES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee related</td>
<td>(9,557)</td>
<td>(9,013)</td>
<td>(1,532)</td>
<td>(1,416)</td>
<td>(190)</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>(4,316)</td>
<td>(4,154)</td>
<td>(306)</td>
<td>(341)</td>
<td>–</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>(550)</td>
<td>(485)</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>(14,423)</td>
<td>(13,652)</td>
<td>(1,838)</td>
<td>(1,757)</td>
<td>(190)</td>
</tr>
<tr>
<td>REVENUE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sale of services</td>
<td>200</td>
<td>28</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Investment revenue</td>
<td>105</td>
<td>150</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total revenue</td>
<td>305</td>
<td>178</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Net Cost of Services</td>
<td>(14,118)</td>
<td>(13,474)</td>
<td>(1,838)</td>
<td>(1,757)</td>
<td>(190)</td>
</tr>
<tr>
<td>Government Contributions</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>NET (EXPENSE)/REVENUE</td>
<td>(14,118)</td>
<td>(13,474)</td>
<td>(1,838)</td>
<td>(1,757)</td>
<td>(190)</td>
</tr>
<tr>
<td>ADMINISTERED REVENUE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rail operators’ accreditation fees</td>
<td>3,089</td>
<td>2,712</td>
<td>3,089</td>
<td>2,712</td>
<td></td>
</tr>
</tbody>
</table>

The names and purpose of each program are summarised in Note 6. Appropriations are made on an agency basis and not to individual program.
### Statement of Compliance with Financial Directives

For the year ended 30 June 2008

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Recurrent Appropriation $'000</td>
<td>Expenditure – Net claim on Cons Fund $'000</td>
</tr>
<tr>
<td>Original budget Appropriation/Expenditure</td>
<td>15,771</td>
<td>15,133</td>
</tr>
<tr>
<td>Appropriations Act</td>
<td>15,771</td>
<td>15,133</td>
</tr>
<tr>
<td>Other appropriations/ expenditure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Treasurer’s advance</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Transfer to/from another agency (S24 of the Appropriation Act)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total Appropriation/Expenditure Net Claim on Consolidated Fund</td>
<td>15,771</td>
<td>15,133</td>
</tr>
<tr>
<td>Drawdown from Treasury</td>
<td>15,291</td>
<td></td>
</tr>
<tr>
<td>Liability to Consolidated Fund</td>
<td>158</td>
<td>–</td>
</tr>
</tbody>
</table>

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.”
1. Summary of Significant Accounting Policies

(a) Reporting Entity
The Independent Transport Safety and Reliability Regulator economic entity comprises all the operating activities of the Independent Transport Safety and Reliability Regulator (the parent) and the Independent Transport Safety and Reliability Regulator Division (the controlled entity). The reporting economic entity is based on the control exercised by the agency over the Independent Transport Safety and Reliability Regulator (Division).

The Independent Transport Safety and Reliability Regulator was established on 1 January 2004 as a statutory corporation under the Transport Administration Act 1988 as amended. The principal objective of this agency is to facilitate the safe operation of transport services in New South Wales.

The Independent Transport Safety and Reliability Regulator Division commenced operations on 17 March 2006 pursuant to Part 2 of Schedule 1 of the Public Sector Employment and Management Act 2002. The (controlled) entity’s objective is to provide personnel services to Independent Transport Safety and Reliability Regulator (the controlling entity) (Note 2(a)).

In the process of preparing the consolidated financial report for the economic entity consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated.

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 Executive Officer on 20 October 2008.

(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 Accounting Interpretations;
> the requirements of the Public Finance and Audit Act 1983 and Regulations; and
> the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer under Section 9(2)(n) of the Act.

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

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

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

(c) Statement of Compliance
The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

(d) Administered Activities
The agency administers, but does not control, certain activities on behalf of the Crown Entity. It is accountable for the transactions relating to those administered activities but does not have the discretion, for example, to deploy the resources for the achievement of the Agency’s own objectives.

Transactions and balances relating to the administered activities are not recognised as the agency’s revenues, expenses, assets and liabilities, but are disclosed in Notes 20 to 22 as Administered Assets and Liabilities, Administered Revenue – Crown Revenue and Administered Revenue – Schedule of Uncollected Amounts.

The accrual basis of accounting and all applicable accounting standards have been adopted for the reporting of the administered activities.

(e) 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. The liability is disclosed in Note 4 and is reported in the Balance Sheet as part of “Current Liabilities – Liability to Consolidated Fund”. The amount will be repaid and the liability will be extinguished next financial year.
(ii) Rendering of services:
Revenue is recognised when the service is provided.

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

(f) Personnel Service Expense
(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 as being shown as part of the non-monetary revenue item described as “Acceptance by the Crown Entity of Employee benefits and other Liabilities”.

Long service leave is measured at present value in accordance with AASB 119 Employee Benefits. This is based on the application of certain factors (specified in NSWTC 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 (ie. Basic Benefit and First State Super) is calculated as a percentage of the employees’ salary. For other superannuation schemes (ie. 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.

(g) 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.

(h) 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.

Cash flows are included in the cash flow statement on a gross basis. However, the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

(i) 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 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 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 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.

(j) 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 for the agency’s intangible assets, the assets are carried at cost less any accumulated amortisation.

In general, intangible assets are tested for impairment where an indicator of impairment exists. However, as a not-for-profit entity with no cash generating units, the agency is effectively exempted from impairment testing.

(k) 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 rates used are leasehold improvements (20%), office furniture and equipment, computers (20%), and computer systems (intangible assets) (20%).

(l) 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.

(m) 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.

(n) Financial Instruments
The agency’s financial instruments comprise loans and receivables and payable.

(i) Loans and Receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement continues to be based on the fair value (which is substantially equivalent to the amortised cost) because the financial impact of using the interest rate method is immaterial.

(ii) Impairment of financial assets
The loans and receivables are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the agency will not be able to collect all amounts due. The amount of the allowance is the difference between the loans and receivables carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate (where material). The amount of the impairment loss is recognised in the operating statement. Any reversals of impairment losses are reversed through the operating statement if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

(iii) Payables
These amounts represent liabilities for goods and services provided to the agency and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement continues to be based on the fair value as this is not materially different from the amortised cost.
(iv) De-recognition of financial assets and liabilities
A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the agency transfers the financial asset:

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

Where the agency has neither transferred nor retained substantially all the risks and rewards 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.

(o) Other Assets
Other assets are recognised on a cost basis.

(p) 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).

(q) 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 2008 reporting periods. The following new Accounting Standards and Interpretations have not yet been adopted and are not yet effective:

> AASB 8 Operating Segments (1 January 2009) & 2007-3 Amendments to Australian Accounting Standards from AASB 8 (1 January 2009)
> AASB 123 Borrowing Costs (1 January 2009) & 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 (1 January 2009)
> AASB 1049 Financial Reporting of General Government Sectors by Governments (1 July 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.
### 2. Expenses

#### (a) Employee related expenses

<table>
<thead>
<tr>
<th></th>
<th>Parent 2008 $’000</th>
<th>Consolidated 2008 $’000</th>
<th>Parent 2007 $’000</th>
<th>Consolidated 2007 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries (including recreation leave)</td>
<td>–</td>
<td>9,150</td>
<td>–</td>
<td>8,857</td>
</tr>
<tr>
<td>Superannuation – defined benefits plan</td>
<td>–</td>
<td>391</td>
<td>–</td>
<td>291</td>
</tr>
<tr>
<td>Superannuation – defined contribution plan</td>
<td>–</td>
<td>613</td>
<td>–</td>
<td>551</td>
</tr>
<tr>
<td>Long service leave</td>
<td>–</td>
<td>339</td>
<td>–</td>
<td>235</td>
</tr>
<tr>
<td>Workers’ compensation insurance</td>
<td>–</td>
<td>63</td>
<td>–</td>
<td>48</td>
</tr>
<tr>
<td>Payroll tax and fringe benefit tax</td>
<td>–</td>
<td>723</td>
<td>–</td>
<td>624</td>
</tr>
<tr>
<td>Personnel services (Note 1(a))</td>
<td>11,279</td>
<td>–</td>
<td>10,606</td>
<td>–</td>
</tr>
</tbody>
</table>

#### (b) Other operating expenses

<table>
<thead>
<tr>
<th></th>
<th>Parent 2008 $’000</th>
<th>Consolidated 2008 $’000</th>
<th>Parent 2007 $’000</th>
<th>Consolidated 2007 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accommodation</td>
<td></td>
<td></td>
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<tr>
<td>Operating lease rental expense – minimum lease payments</td>
<td>767</td>
<td>767</td>
<td>634</td>
<td>634</td>
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<tr>
<td>Other property costs</td>
<td>57</td>
<td>57</td>
<td>51</td>
<td>51</td>
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<tr>
<td>External services</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Contractors</td>
<td>2,083</td>
<td>2,083</td>
<td>2,226</td>
<td>2,226</td>
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<td>Legal Services</td>
<td>547</td>
<td>547</td>
<td>231</td>
<td>231</td>
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<td>Audit fees – financial statements</td>
<td>15</td>
<td>15</td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>Information technology</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Computer leasing</td>
<td>1</td>
<td>1</td>
<td>37</td>
<td>37</td>
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<tr>
<td>Computer licences</td>
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<td>Communication lines</td>
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<td>10</td>
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<td>10</td>
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<tr>
<td>Other computer costs</td>
<td>6</td>
<td>6</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Motor vehicle running expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating minimum lease rentals</td>
<td>63</td>
<td>63</td>
<td>57</td>
<td>57</td>
</tr>
<tr>
<td>Other motor vehicle expenses</td>
<td>135</td>
<td>135</td>
<td>117</td>
<td>117</td>
</tr>
<tr>
<td>Advertising and promotion</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Staff recruitment and training costs</td>
<td>321</td>
<td>321</td>
<td>252</td>
<td>252</td>
</tr>
<tr>
<td>Administration</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Printing and stationery</td>
<td>101</td>
<td>101</td>
<td>137</td>
<td>137</td>
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<tr>
<td>Telephones</td>
<td>103</td>
<td>103</td>
<td>112</td>
<td>112</td>
</tr>
<tr>
<td>Postage and courier</td>
<td>10</td>
<td>10</td>
<td>11</td>
<td>11</td>
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<tr>
<td>Travel</td>
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<td>222</td>
<td>286</td>
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<tr>
<td>Insurance</td>
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<td>1</td>
<td>3</td>
<td>3</td>
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<tr>
<td>Others</td>
<td>125</td>
<td>125</td>
<td>234</td>
<td>234</td>
</tr>
<tr>
<td></td>
<td>4,622</td>
<td>4,622</td>
<td>4,495</td>
<td>4,495</td>
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</tbody>
</table>

Other Operating Expenses include maintenance expenses of $25K (2007 – $40K). The agency does not have maintenance related employee expenses.
2. Expenses (continued)

<table>
<thead>
<tr>
<th>(c) Depreciation &amp; Amortisation Expenses</th>
<th>Parent 2008 $’000</th>
<th>Consolidated 2008 $’000</th>
<th>Parent 2007 $’000</th>
<th>Consolidated 2007 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation (Note 9)</td>
<td></td>
<td></td>
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<tr>
<td>Leasehold Improvements</td>
<td>232</td>
<td>232</td>
<td>229</td>
<td>229</td>
</tr>
<tr>
<td>Plant and equipment</td>
<td>96</td>
<td>96</td>
<td>86</td>
<td>86</td>
</tr>
<tr>
<td></td>
<td>328</td>
<td>328</td>
<td>315</td>
<td>315</td>
</tr>
<tr>
<td>Amortisation (Note 10)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Computer systems</td>
<td>222</td>
<td>222</td>
<td>170</td>
<td>170</td>
</tr>
<tr>
<td></td>
<td>550</td>
<td>550</td>
<td>485</td>
<td>485</td>
</tr>
</tbody>
</table>

3. Revenues

(a) Sale of Services

- Rendering of services
  - Parent 2008: 200
  - Consolidated 2008: 200
  - Parent 2007: 28
  - Consolidated 2007: 28

(b) Investment revenue

- Interest on bank balance
  - Parent 2008: 105
  - Consolidated 2008: 105
  - Parent 2007: 150
  - Consolidated 2007: 150

(c) Other

Other $753K (2007 $577K) comprises employee benefits and other liabilities assumed by the Crown.

4. Appropriations

<table>
<thead>
<tr>
<th>Recurrent appropriations</th>
<th>Parent 2008 $’000</th>
<th>Consolidated 2008 $’000</th>
<th>Parent 2007 $’000</th>
<th>Consolidated 2007 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total recurrent drawdowns from NSW Treasury (per Summary of Compliance)</td>
<td>15,291</td>
<td>15,291</td>
<td>14,359</td>
<td>14,359</td>
</tr>
<tr>
<td>Less: Liability to Consolidated Fund (per Summary of Compliance)</td>
<td>(158)</td>
<td>(158)</td>
<td>(9)</td>
<td>(9)</td>
</tr>
<tr>
<td>Recurrent appropriations (per Operating Statement)</td>
<td>15,133</td>
<td>15,133</td>
<td>14,350</td>
<td>14,350</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Capital appropriations</th>
<th>Parent 2008 $’000</th>
<th>Consolidated 2008 $’000</th>
<th>Parent 2007 $’000</th>
<th>Consolidated 2007 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total capital drawdowns from NSW Treasury (per Summary of Compliance)</td>
<td>320</td>
<td>320</td>
<td>450</td>
<td>450</td>
</tr>
<tr>
<td>Less: Liability to Consolidated Fund (per Summary of Compliance)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Capital appropriations (per Operating Statement)</td>
<td>320</td>
<td>320</td>
<td>450</td>
<td>450</td>
</tr>
</tbody>
</table>
5. Acceptance by the Crown Entity of Employee Benefits and Other Liabilities

<table>
<thead>
<tr>
<th></th>
<th>Parent 2008 $'000</th>
<th>Consolidated 2008 $'000</th>
<th>Parent 2007 $'000</th>
<th>Consolidated 2007 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Superannuation</td>
<td>–</td>
<td>391</td>
<td>–</td>
<td>291</td>
</tr>
<tr>
<td>Long service leave</td>
<td>–</td>
<td>339</td>
<td>–</td>
<td>235</td>
</tr>
<tr>
<td>Payroll tax on superannuation (Note 19)</td>
<td>–</td>
<td>23</td>
<td>–</td>
<td>51</td>
</tr>
<tr>
<td></td>
<td>–</td>
<td>753</td>
<td>–</td>
<td>577</td>
</tr>
</tbody>
</table>

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

- Superannuation
- Long service leave
- Payroll tax on superannuation (Note 19)

6. Program Information

Program 11.1.1 – Rail Safety Regulation

**Program Objective:** To administer NSW rail safety legislation including accreditation of rail operators, undertaking compliance audits and investigations and conducting any enforcement action required.

**Program Description:** Accredit rail operators based on their safety management systems and monitor compliance with NSW rail safety legislation. Enforce compliance where necessary through the issue of notices and prosecutions. Provision of data analysis and policy advice to identify potential safety issues to operators and Government. Implement approved national safety regulatory reforms, including higher standards for rail safety.

Program 11.1.2 – Transport Service Reliability Advice

**Program Objective:** To advise the Government, transport operators and the community on reliability issues relating to the rail, bus and ferry transport modes.

**Program Description:** To prepare reports primarily for the Minister as well as transport operators and the community on the extent to which publicly funded transport services are meeting the standards set by the Government.

Program 11.1.3 – Strategic Co-Ordination Across Transport Modes

**Program Objective:** To work with NSW transport safety regulators to continue improving safety regulatory frameworks for the rail, bus and ferry sectors through the Transport Regulators’ Executive Committee (TREC).

**Program Description:** To lead and support the NSW safety regulators’ forum to share information and identify opportunities to apply safety improvements across the rail, bus and ferry sectors where practical and relevant.

7. Cash and Cash Equivalents

<table>
<thead>
<tr>
<th></th>
<th>Parent 2008 $'000</th>
<th>Consolidated 2008 $'000</th>
<th>Parent 2007 $'000</th>
<th>Consolidated 2007 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at bank and on hand</td>
<td>2,185</td>
<td>2,185</td>
<td>2,009</td>
<td>2,009</td>
</tr>
<tr>
<td></td>
<td>2,185</td>
<td>2,185</td>
<td>2,009</td>
<td>2,009</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th></th>
<th>Parent 2008 $'000</th>
<th>Consolidated 2008 $'000</th>
<th>Parent 2007 $'000</th>
<th>Consolidated 2007 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at bank and on hand</td>
<td>2,185</td>
<td>2,185</td>
<td>2,009</td>
<td>2,009</td>
</tr>
<tr>
<td>Closing cash and cash equivalents (per Cash Flow Statement)</td>
<td>2,185</td>
<td>2,185</td>
<td>2,009</td>
<td>2,009</td>
</tr>
</tbody>
</table>
8. Receivables

<table>
<thead>
<tr>
<th></th>
<th>Parent 2008 $’000</th>
<th>Consolidated 2008 $’000</th>
<th>Parent 2007 $’000</th>
<th>Consolidated 2007 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debtors</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goods and Services Tax – recoverable</td>
<td>57</td>
<td>57</td>
<td>84</td>
<td>84</td>
</tr>
<tr>
<td>Others</td>
<td>48</td>
<td>48</td>
<td>56</td>
<td>56</td>
</tr>
<tr>
<td>Goods and Services Tax on accruals</td>
<td>104</td>
<td>104</td>
<td>133</td>
<td>133</td>
</tr>
<tr>
<td></td>
<td>209</td>
<td>209</td>
<td>273</td>
<td>273</td>
</tr>
<tr>
<td>Less: allowance for Impairment</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>209</td>
<td>209</td>
<td>273</td>
<td>273</td>
</tr>
<tr>
<td>Prepayments</td>
<td>–</td>
<td>–</td>
<td>70</td>
<td>70</td>
</tr>
<tr>
<td></td>
<td>209</td>
<td>209</td>
<td>343</td>
<td>343</td>
</tr>
</tbody>
</table>

9. Property, Plant and Equipment

<table>
<thead>
<tr>
<th></th>
<th>Leasehold Improvements $’000</th>
<th>Plant &amp; Equipment $’000</th>
<th>Total $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasehold Improvements</td>
<td>1,157</td>
<td>1,157</td>
<td>1,157</td>
</tr>
<tr>
<td>Less: Accumulated depreciation</td>
<td>970</td>
<td>970</td>
<td>738</td>
</tr>
<tr>
<td>Net carrying amount at fair value</td>
<td>187</td>
<td>187</td>
<td>419</td>
</tr>
<tr>
<td>Plant and equipment</td>
<td>571</td>
<td>571</td>
<td>520</td>
</tr>
<tr>
<td>Less: Accumulated depreciation</td>
<td>328</td>
<td>328</td>
<td>231</td>
</tr>
<tr>
<td>Net carrying amount at fair value</td>
<td>243</td>
<td>243</td>
<td>289</td>
</tr>
<tr>
<td>At gross carrying amount</td>
<td>1,728</td>
<td>1,728</td>
<td>1,677</td>
</tr>
<tr>
<td>Less: Accumulated depreciation</td>
<td>1,298</td>
<td>1,298</td>
<td>969</td>
</tr>
<tr>
<td>Net carrying amount at fair value</td>
<td>430</td>
<td>430</td>
<td>708</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Leasehold Improvements $’000</th>
<th>Plant &amp; Equipment $’000</th>
<th>Total $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrying amount at 1 July 2007</td>
<td>419</td>
<td>289</td>
<td>708</td>
</tr>
<tr>
<td>Additions</td>
<td>–</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Depreciation expense (Note 2 (c))</td>
<td>(232)</td>
<td>(96)</td>
<td>(328)</td>
</tr>
<tr>
<td>Carrying amount at 30 June 2008</td>
<td>187</td>
<td>243</td>
<td>430</td>
</tr>
<tr>
<td>Carrying amount at 1 July 2006</td>
<td>648</td>
<td>305</td>
<td>953</td>
</tr>
<tr>
<td>Additions</td>
<td>82</td>
<td>70</td>
<td>152</td>
</tr>
<tr>
<td>Administrative Restructure (Note 14)</td>
<td>(82)</td>
<td>–</td>
<td>(82)</td>
</tr>
<tr>
<td>Depreciation expense (Note 2 (c))</td>
<td>(229)</td>
<td>(86)</td>
<td>(315)</td>
</tr>
<tr>
<td>Carrying amount at 30 June 2007</td>
<td>419</td>
<td>289</td>
<td>708</td>
</tr>
</tbody>
</table>
10. Intangible Assets

<table>
<thead>
<tr>
<th></th>
<th>Parent 2008 $'000</th>
<th>Consolidated 2008 $'000</th>
<th>Parent 2007 $'000</th>
<th>Consolidated 2007 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer systems</td>
<td>1,607</td>
<td>1,607</td>
<td>1,287</td>
<td>1,287</td>
</tr>
<tr>
<td>Accumulated amortisation</td>
<td>450</td>
<td>450</td>
<td>228</td>
<td>228</td>
</tr>
<tr>
<td>Net carrying amount at fair value</td>
<td>1,157</td>
<td>1,157</td>
<td>1,059</td>
<td>1,059</td>
</tr>
</tbody>
</table>

Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current reporting period is set out below:

<table>
<thead>
<tr>
<th></th>
<th>2008 $'000</th>
<th>2007 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrying amount at 1 July</td>
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<td>792</td>
</tr>
<tr>
<td>Additions</td>
<td>320</td>
<td>437</td>
</tr>
<tr>
<td>Amortisation expense (Note 2 (c))</td>
<td>(222)</td>
<td>(170)</td>
</tr>
<tr>
<td>Carrying amount at 30 June</td>
<td>1,157</td>
<td>1,059</td>
</tr>
</tbody>
</table>

11. Payables

<table>
<thead>
<tr>
<th></th>
<th>Parent 2008 $'000</th>
<th>Consolidated 2008 $'000</th>
<th>Parent 2007 $'000</th>
<th>Consolidated 2007 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creditors</td>
<td>1,372</td>
<td>78</td>
<td>1,395</td>
<td>77</td>
</tr>
<tr>
<td>Accruals</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries</td>
<td>–</td>
<td>78</td>
<td>–</td>
<td>44</td>
</tr>
<tr>
<td>Others</td>
<td>1,043</td>
<td>1,043</td>
<td>1,338</td>
<td>1,338</td>
</tr>
<tr>
<td>Goods and Services Tax on accruals</td>
<td>104</td>
<td>104</td>
<td>133</td>
<td>133</td>
</tr>
<tr>
<td></td>
<td>2,519</td>
<td>1,301</td>
<td>2,866</td>
<td>1,592</td>
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</tbody>
</table>


1. Current Liabilities

<table>
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<tr>
<th></th>
<th>Parent 2008 $'000</th>
<th>Consolidated 2008 $'000</th>
<th>Parent 2007 $'000</th>
<th>Consolidated 2007 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recreation leave</td>
<td>–</td>
<td>969</td>
<td>–</td>
<td>1,019</td>
</tr>
<tr>
<td>Salary on costs</td>
<td>–</td>
<td>249</td>
<td>–</td>
<td>255</td>
</tr>
<tr>
<td></td>
<td>–</td>
<td>1,218</td>
<td>–</td>
<td>1,274</td>
</tr>
</tbody>
</table>

2. Aggregate employee benefits and related on-costs

<table>
<thead>
<tr>
<th></th>
<th>Parent 2008 $'000</th>
<th>Consolidated 2008 $'000</th>
<th>Parent 2007 $'000</th>
<th>Consolidated 2007 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provisions – current</td>
<td>–</td>
<td>969</td>
<td>–</td>
<td>1,019</td>
</tr>
<tr>
<td>Accrued salaries and on-costs</td>
<td>–</td>
<td>327</td>
<td>–</td>
<td>299</td>
</tr>
<tr>
<td></td>
<td>–</td>
<td>1,296</td>
<td>–</td>
<td>1,318</td>
</tr>
</tbody>
</table>
13. Changes in Equity

<table>
<thead>
<tr>
<th></th>
<th>Parent 2008 $'000</th>
<th>Consolidated 2008 $'000</th>
<th>Parent 2007 $'000</th>
<th>Consolidated 2007 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at the beginning of</td>
<td>1,244</td>
<td>1,244</td>
<td>1,357</td>
<td>1,357</td>
</tr>
<tr>
<td>the financial period</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease in net assets from</td>
<td>–</td>
<td>–</td>
<td>(82)</td>
<td>(82)</td>
</tr>
<tr>
<td>equity transfer (Note 14)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Surplus/(Deficit) for the</td>
<td>60</td>
<td>60</td>
<td>(31)</td>
<td>(31)</td>
</tr>
<tr>
<td>year</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at the end of the</td>
<td>1,304</td>
<td>1,304</td>
<td>1,244</td>
<td>1,244</td>
</tr>
<tr>
<td>financial period</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

14. Equity Transfers to the Chief Investigator of the Office of Transport Safety Investigations

In 2007 the agency transferred to the Chief Investigator of the Office of Transport Safety Investigations assets relating to the Investigation Program as detailed below:

<table>
<thead>
<tr>
<th></th>
<th>2008 $'000</th>
<th>2007 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash at bank</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Property, plant and equipment (Note 9)</td>
<td>–</td>
<td>82</td>
</tr>
<tr>
<td></td>
<td>–</td>
<td>82</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provisions for employee</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>entitlements</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Net assets transferred</strong></td>
<td>–</td>
<td>82</td>
</tr>
</tbody>
</table>

15. Commitments for Expenditure

(a) Capital Commitments

The agency had capital commitments of $110K at balance date.

(b) Other Expenditure Commitments

<table>
<thead>
<tr>
<th></th>
<th>Parent 2008 $'000</th>
<th>Consolidated 2008 $'000</th>
<th>Parent 2007 $'000</th>
<th>Consolidated 2007 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aggregate other expenditure</td>
<td>76</td>
<td>76</td>
<td>34</td>
<td>34</td>
</tr>
<tr>
<td>contracted at balance date</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>and not provided for:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not later than one year</td>
<td>76</td>
<td>76</td>
<td>34</td>
<td>34</td>
</tr>
<tr>
<td>Later than one year but not</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>later than five years</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Later than five years</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total (including GST)</td>
<td>76</td>
<td>76</td>
<td>34</td>
<td>34</td>
</tr>
</tbody>
</table>
15. Commitments for Expenditure (continued)

(c) Operating Lease Commitments

<table>
<thead>
<tr>
<th>Future non-cancellable operating lease rentals not provided for:</th>
<th>Parent 2008 $’000</th>
<th>Consolidated 2008 $’000</th>
<th>Parent 2007 $’000</th>
<th>Consolidated 2007 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not later than one year</td>
<td>1,094</td>
<td>1,094</td>
<td>1,101</td>
<td>1,101</td>
</tr>
<tr>
<td>Later than one year but not later than five years</td>
<td>3,855</td>
<td>3,855</td>
<td>3,925</td>
<td>3,925</td>
</tr>
<tr>
<td>Later than five years</td>
<td>–</td>
<td>–</td>
<td>882</td>
<td>882</td>
</tr>
<tr>
<td>Total (including GST)</td>
<td>4,949</td>
<td>4,949</td>
<td>5,908</td>
<td>5,908</td>
</tr>
</tbody>
</table>

The agency leases its motor vehicles and office accommodation. Input tax on all commitments estimated at $466K (2007 – $540K) will be recouped from the Australian Taxation Office.

16. Contingent Liabilities and Contingent Assets

Contingent Liabilities
The agency had no contingent liabilities as at balance date (2007 – nil).

Contingent Assets
The agency had no contingent assets as at balance date (2007 – nil).

17. Budget Review

Net Cost of Services
The net cost of services for the year ended 30 June 2008 was $16.1m compared to the budget of $16.9m, an under-expenditure of $0.8m which was principally due to savings in legal fees.

> Employee related expenses at $11.3m were lower than the budget of $12m. due to savings of $0.7m in salaries and related costs which were applied to fund other initiatives.

> Other operating expenses included legal fees (actual expenditure of $547k – budget $1m). Excluding legal fees the other operating expenses amounted to $4.1m compared to the budget of $3.4m. The over-expenditure was funded out of salary savings. Allocation for legal services is protected and is drawdown as required.

Assets and Liabilities
The main changes in the balance sheet are set out below:

> Cash of $2.2m was slightly higher than budget and will be used to pay accrued expenses, and creditors.

> The receivables were lower than budget due to lower Goods and Services Tax recoverable.

> Accounts payable and provisions were lower than the budget.
18. Reconciliation of Cash Flows from Operating Activities to Net Cost of Services as reported in the Operating Statement

<table>
<thead>
<tr>
<th></th>
<th>Parent 2008 $’000</th>
<th>Consolidated 2008 $’000</th>
<th>Parent 2007 $’000</th>
<th>Consolidated 2007 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Cash Flow from Operating Activities</td>
<td>546</td>
<td>546</td>
<td>146</td>
<td>146</td>
</tr>
<tr>
<td>Cash Flows from Government Appropriations</td>
<td>(15,602)</td>
<td>(15,602)</td>
<td>(14,328)</td>
<td>(14,328)</td>
</tr>
<tr>
<td>Acceptance by the Crown Entity of Employee Entitlements</td>
<td>–</td>
<td>(753)</td>
<td>–</td>
<td>(577)</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>(550)</td>
<td>(550)</td>
<td>(485)</td>
<td>(485)</td>
</tr>
<tr>
<td>Decrease in receivables</td>
<td>(134)</td>
<td>(134)</td>
<td>(29)</td>
<td>(29)</td>
</tr>
<tr>
<td>Decrease in creditors</td>
<td>347</td>
<td>347</td>
<td>(135)</td>
<td>(135)</td>
</tr>
<tr>
<td>Net Cost of Services</td>
<td>(15,393)</td>
<td>(16,146)</td>
<td>(14,831)</td>
<td>(15,408)</td>
</tr>
</tbody>
</table>

19. Non-Cash Financing and Investing Activities

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

<table>
<thead>
<tr>
<th>Employees’ entitlements and liabilities</th>
<th>Parent 2007 $’000</th>
<th>Consolidated 2007 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assumed by the Crown Entity (Note 5)</td>
<td>–</td>
<td>753</td>
</tr>
<tr>
<td></td>
<td>–</td>
<td>753</td>
</tr>
<tr>
<td></td>
<td></td>
<td>577</td>
</tr>
</tbody>
</table>

20. Administered Assets and Liabilities

<table>
<thead>
<tr>
<th>Administered Assets</th>
<th>Parent 2007 $’000</th>
<th>Consolidated 2007 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receivables(1)</td>
<td>54</td>
<td>54</td>
</tr>
<tr>
<td>Total Administered Assets</td>
<td>54</td>
<td>54</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Administered Liabilities</th>
<th>Parent 2007 $’000</th>
<th>Consolidated 2007 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payables(1)</td>
<td>54</td>
<td>54</td>
</tr>
<tr>
<td>Total Administered Liabilities</td>
<td>54</td>
<td>54</td>
</tr>
</tbody>
</table>

(1) Receivables and payables relate to Crown revenue (rail accreditation fees) not yet collected.
21. Administered Revenue – Schedule of Uncollected Amounts

<table>
<thead>
<tr>
<th>Parent 2008 $’000</th>
<th>Consolidated 2008 $’000</th>
<th>Parent 2007 $’000</th>
<th>Consolidated 2007 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uncollected administered revenue</td>
<td>54</td>
<td>54</td>
<td>5</td>
</tr>
<tr>
<td>&lt;90 Days $’000</td>
<td>&gt;90 Days $’000</td>
<td>Total $’000</td>
<td></td>
</tr>
<tr>
<td>Receivables – rail accreditation fees – 2008</td>
<td>–</td>
<td>54</td>
<td>54</td>
</tr>
<tr>
<td>Receivables – rail accreditation fees – 2007</td>
<td>–</td>
<td>5</td>
<td>5</td>
</tr>
</tbody>
</table>

22. Administered Revenue

| Rail accreditation fees collected and remitted to the Crown | 3,089 | 3,089 | 2,712 | 2,712 | 3,089 | 3,089 | 2,712 | 2,712 |

23. Financial Instruments

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

The agency’s main risks arising from financial instruments are outlined below, together with the agency’s objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout this financial report.

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

(a) Financial Instruments categories

<table>
<thead>
<tr>
<th>Note</th>
<th>Category</th>
<th>Carrying amount 2008 $’000</th>
<th>Carrying amount 2007 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>Cash and cash equivalents</td>
<td>N/A</td>
<td>2,185</td>
</tr>
<tr>
<td>8</td>
<td>Receivables</td>
<td>Loans and receivables (at amortised cost)</td>
<td>48</td>
</tr>
<tr>
<td>11</td>
<td>Payables</td>
<td>Financial liabilities (at amortised cost)</td>
<td>1,197</td>
</tr>
<tr>
<td>4</td>
<td>Liability to Consolidated Fund</td>
<td>Financial liabilities (at amortised cost)</td>
<td>158</td>
</tr>
</tbody>
</table>
23. Financial Instruments (continued)

(b) Credit Risk
Credit risk arises when there is the possibility of the agency’s debtors defaulting on their contractual obligations, resulting in a financial loss to the agency. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the agency, including cash, and receivables. No collateral is held by the agency. The agency has not granted any financial guarantees.

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

Receivables – trade debtors
The agency’s debtors comprise mainly private and public rail operators who are required to pay an rail accreditation fee to operate their business. All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer’s Directions are followed to recover outstanding amounts, including letters of demand. Debts, which are known to be uncollectable, are written off. An allowance for impairment is raised when there is objective evidence that the agency will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. Sales are made generally on 30 day terms.

The agency is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. At the balance date the agency’s debtors are not considered impaired. The receivable of $48K (2007 - $56K) represents interest receivable from NSW Treasury.

(c) Liquidity Risk
Liquidity risk is the risk that the agency will be unable to meet its payment obligations when they fall due. As a budget dependent agency the agency’s primary source of cash inflows is the consolidated fund allocation to meet its ongoing operating and capital commitments as set out in the budget papers approved by the NSW Parliament. The agency is prohibited without Treasury approval from making payments in excess of the approved allocation. As such the agency’s exposure to liquidity risk including payment default is insignificant based on current Treasury policies and practices.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer’s Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. Treasurer’s Direction 219.01 allows the Minister to award interest for late payment.

(d) Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The agency is not exposed to this class of risk because as reported above its main source of cash inflows is the Consolidated Fund allocations. The agency does not hold financial instruments for trading purposes and as such is not exposed to market or price risks.

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 interest rate earned on the agency’s bank balances is determined by Treasury after taking into account the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate less a management fee.

The agency’s exposure to interest rate risk is immaterial. The exposure to interest rate risk is set out below. The interest rate band of +/- 1% was advised by Treasury.
23. Financial Instruments (continued)

<table>
<thead>
<tr>
<th>Interest rate changes 2008</th>
<th>-1%</th>
<th>+1%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Carrying amount $’000</td>
<td>Profit $’000</td>
</tr>
<tr>
<td>Financial Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>2,185</td>
<td>(18)</td>
</tr>
<tr>
<td>Receivables</td>
<td>48</td>
<td>–</td>
</tr>
<tr>
<td>Total</td>
<td>2,233</td>
<td>(18)</td>
</tr>
<tr>
<td>Financial Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payable</td>
<td>1,197</td>
<td>–</td>
</tr>
<tr>
<td>Liability to Cons Fund</td>
<td>158</td>
<td>–</td>
</tr>
<tr>
<td>Total</td>
<td>1,355</td>
<td>–</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Interest rate changes 2007</th>
<th>-1%</th>
<th>+1%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Carrying amount $’000</td>
<td>Profit $’000</td>
</tr>
<tr>
<td>Financial Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>2,009</td>
<td>(31)</td>
</tr>
<tr>
<td>Receivables</td>
<td>56</td>
<td>–</td>
</tr>
<tr>
<td>Total</td>
<td>2,065</td>
<td>(31)</td>
</tr>
<tr>
<td>Financial Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payable</td>
<td>1,459</td>
<td>–</td>
</tr>
<tr>
<td>Liability to Cons Fund</td>
<td>9</td>
<td>–</td>
</tr>
<tr>
<td>Total</td>
<td>1,468</td>
<td>–</td>
</tr>
</tbody>
</table>

The carrying values of the agency’s financial instruments as set out in the table above are deemed to be equivalent to their fair value.

Financial Instruments

<table>
<thead>
<tr>
<th></th>
<th>Floating Interest rate</th>
<th>Non-Interest Bearing</th>
<th>Total carrying amount as per Balance Sheet</th>
<th>Weighted average effective interest rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2008 $’000 2007 $’000</td>
<td>2008 $’000 2007 $’000</td>
<td>2008 $’000 2007 $’000</td>
<td>2008 % 2007 %</td>
</tr>
<tr>
<td>Financial Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>2,185 2,009</td>
<td>–</td>
<td>2,185 2,009</td>
<td>5.8 4.9</td>
</tr>
<tr>
<td>Receivables</td>
<td>– – 48 56</td>
<td>48 56</td>
<td>48 56</td>
<td>– –</td>
</tr>
<tr>
<td>Total</td>
<td>2,185 2,009</td>
<td>48 56</td>
<td>2,233 2,065</td>
<td>– –</td>
</tr>
<tr>
<td>Financial Liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payable</td>
<td>– – 1,355 1,468</td>
<td>1,355 1,468</td>
<td>1,355 1,468</td>
<td>– –</td>
</tr>
<tr>
<td>Total</td>
<td>– – 1,355 1,468</td>
<td>1,355 1,468</td>
<td>1,355 1,468</td>
<td>– –</td>
</tr>
</tbody>
</table>

End of Audited Financial Statements
As noted on page 69, this is the financial report of the ITSRR Division as now required under the Public Sector Employment Legislation Amendment Act 2006. It is the second financial report required of ITSRR under the Act, the first is on page 69.
Pursuant to section 41C(1B) of the Public Finance and Audit Act 1983, I state that:

(a) The accompanying financial statements have been prepared in accordance with
   - Applicable Australian Accounting Standards
   - The requirements of the Public Finance and Audit Act and Regulations; and

(b) The statements exhibit a true and fair view of the financial position and transactions of the Independent Transport Safety and Reliability Regulator Division; and

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

Carolyn Walsh
Chief Executive Officer
Date: 20 October 2008
Financial report of the Independent Transport Safety and Reliability Regulator Division

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

Independent Transport Safety and Reliability Regulator Division

To Members of the New South Wales Parliament,

I have audited the audited entity's financial report of the Independent Transport Safety and Reliability Regulator Division, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of recognised income and expense and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Division as at 30 June 2008, 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 418 of the Public Finance and Audit Act 1983 (the PF&AA Act) and the Public Finance and Audit Regulation 2005.

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

Chief Executive Officer's Responsibility for the Financial Report

The Chief Executive Officer 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&AA 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 auditor independence 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 Executive Officer, 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 Division,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

Independence

In conducting this audit, the Audit Office of New South Wales has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The Public Audit 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 prohibiting the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their role by the possibility of losing clients or income.

Peter Carr
Director, Financial Audit Services

20 October 2008
SYDNEY
## Income Statement
For the Year Ended 30 June 2008

<table>
<thead>
<tr>
<th>Notes</th>
<th>Actual 2008 $’000</th>
<th>Actual 2007 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel services</td>
<td>3</td>
<td>11,279</td>
</tr>
<tr>
<td>Total Income</td>
<td></td>
<td>11,279</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee related</td>
<td>2</td>
<td>11,279</td>
</tr>
<tr>
<td>Total Expenses</td>
<td></td>
<td>11,279</td>
</tr>
<tr>
<td>OPERATING RESULT FOR YEAR</td>
<td>7</td>
<td>–</td>
</tr>
</tbody>
</table>

The accompanying notes form part of these statements.

## Statement of Recognised Income and Expense
For the Year Ended 30 June 2008

<table>
<thead>
<tr>
<th>Notes</th>
<th>Actual 2008 $’000</th>
<th>Actual 2007 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY</td>
<td></td>
<td>–</td>
</tr>
<tr>
<td>Operating result for the year</td>
<td>7</td>
<td>–</td>
</tr>
<tr>
<td>TOTAL INCOME AND EXPENSES RECOGNISED FOR THE YEAR</td>
<td>7</td>
<td>–</td>
</tr>
</tbody>
</table>

The accompanying notes form part of these statements.
### Balance Sheet
As at 30 June 2008

<table>
<thead>
<tr>
<th>Notes</th>
<th>Actual 2008 $'000</th>
<th>Actual 2007 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables</td>
<td>4</td>
<td>1,296</td>
</tr>
<tr>
<td>Total Assets</td>
<td>4</td>
<td>1,296</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td>5</td>
<td>78</td>
</tr>
<tr>
<td>Provisions</td>
<td>6</td>
<td>1,218</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>6</td>
<td>1,296</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EQUITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated funds</td>
<td>7</td>
<td>–</td>
</tr>
<tr>
<td>Total Equity</td>
<td>7</td>
<td>–</td>
</tr>
</tbody>
</table>

The accompanying notes form part of these statements.

### Cash Flow Statement
For the Year Ended 30 June 2008

<table>
<thead>
<tr>
<th>Notes</th>
<th>Actual 2008 $'000</th>
<th>Actual 2007 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Net change in Cash</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Opening cash and cash equivalents</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Closing cash and cash equivalents</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

The accompanying notes form part of these statements.
1. Summary of Significant Accounting Policies

(a) Reporting entity
The Independent Transport Safety and Reliability Regulator Division is a Division of the Government Service, established pursuant to Part 2 of Schedule 1 to the Public Sector Employment and Management Act 2002. It is a not-for-profit entity as profit is not its principal objective. It is consolidated as part of the NSW Total State Sector Accounts. It is domiciled in Australia and its principal office is at Level 22, 201 Elizabeth Street, Sydney. The principal objective of this Division is to provide personnel services to Independent Transport Safety and Reliability Regulator.

The Independent Transport Safety and Reliability Regulator Division commenced operations on 17 March 2006 when it assumed responsibility for the employees and employee-related liabilities of the Independent Transport Safety and Reliability Regulator.

The financial report was authorised for issue by Chief Executive Officer of the Independent Transport Safety and Reliability Regulator on 20 October 2008. The report will not be amended and reissued as it has been audited.

(b) Basis of preparation
This is a general purpose financial report prepared in accordance with the requirements of Australian Accounting Standards, the Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2005, and specific directions issued by the Treasurer.

Generally, the historical cost basis of accounting has been adopted and the financial report does not take into account changing money values or current valuations. However, certain provisions are measured at fair value (Note 6).

The accrual basis of accounting has been adopted in the preparation of the financial report. Management’s judgements, key assumptions and estimates are disclosed in the relevant notes to the financial report.

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

(c) Income
Income is measured at the fair value of the consideration received or receivable. Revenue from the rendering of personnel services is recognised when the service is provided and only to the extent that the associated recoverable expenses are recognised.

(d) Receivables
A receivable is recognised when it is probable that the future cash inflows associated with it will be realised and it has a value that can be measured reliably. It is derecognised when the contractual or other rights to future cash flows from it expire or are transferred.

A receivable is measured initially at fair value and subsequently at amortised cost using the effective interest rate method, less any allowance for impairment of receivables. A short-term receivable with no stated interest rate is measured at the original invoice amount where the effect of discounting is immaterial. An invoiced receivable is due for settlement within thirty days of invoicing.

If there is objective evidence at year end that a receivable may not be collectable, its carrying amount is reduced by means of an allowance for doubtful debts and the resulting loss is recognised in the operating statement. Receivables are monitored during the year and bad debts are written off against the allowance when they are determined to be irrecoverable. Any other loss or gain arising when a receivable is derecognised is also recognised in the operating statement.

(e) Payables
Payables include accrued wages, salaries, and related on costs (such as payroll tax, fringe benefits tax and workers’ compensation insurance) where there is certainty as to the amount and timing of settlement.

A payable is recognised when a present obligation arises under a contract or otherwise. It is derecognised when the obligation expires or is discharged, cancelled or substituted. A short-term payable with no stated interest rate is measured at historical cost if the effect of discounting is immaterial.

(f) Employee benefit provisions and expenses
Provisions are made for liabilities of uncertain amounts or uncertain timing of settlement.

Employee benefit provisions represent expected amounts payable in the future in respect of unused entitlements accumulated as at the reporting date. Liabilities associated with, but that are not, employee benefits (such as payroll tax) are recognised separately.

Superannuation and leave liabilities are recognised as expenses and provisions when the obligations arise, which is usually through the rendering of service by employees.

Long-term annual leave (ie that is not expected to be taken within twelve months) is measured at present value using a discount rate equal to the market yield on government bonds.

Superannuation and long service leave provisions are actuarially assessed prior to each reporting date and are measured at the present value of the estimated future payments.
All other employee benefit liabilities (ie for benefits falling due wholly within twelve months after reporting date) are assessed by management and are measured at the undiscounted amount of the estimated future payments. The amount recognised for superannuation and long service leave provisions is the net total of the present value of the defined benefit obligation at the reporting date, minus the fair value at that date of any plan assets out of which the obligations are to be settled directly.

The amount recognised in the operating statement for superannuation and long service leave is the net total of current service cost, interest cost, the expected return on any plan assets, and actuarial gains and losses. Actuarial gains or losses are recognised as income or expense in the year they occur.

The actuarial assessment of superannuation and long service leave provisions uses the Projected Unit Credit Method and reflects estimated future salary increases and the benefits set out in the terms of the plan. The liabilities are discounted using the market yield rate on government bonds of similar maturity to those obligations. Actuarial assumptions are unbiased and mutually compatible and financial assumptions are based on market expectations for the period over which the obligations are to be settled.

(g) 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 2008 reporting periods. The following new Accounting Standards and Interpretations have not yet been adopted and are not yet effective:

> AASB 8 Operating Segments (1 January 2009) & 2007-3 Amendments to Australian Accounting Standards from AASB 8 (1 January 2009)
> AASB 123 Borrowing Costs (1 January 2009) & 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 (1 January 2009)
> AASB 1049 Financial Reporting of General Government Sectors by Governments (1 July 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.
### Expenses

<table>
<thead>
<tr>
<th>Employee related</th>
<th>2008 $'000</th>
<th>2007 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries (including recreation leave)</td>
<td>9,150</td>
<td>8,857</td>
</tr>
<tr>
<td>Superannuation – defined benefits plan</td>
<td>391</td>
<td>291</td>
</tr>
<tr>
<td>Superannuation – defined contribution plan</td>
<td>613</td>
<td>551</td>
</tr>
<tr>
<td>Long service leave</td>
<td>339</td>
<td>235</td>
</tr>
<tr>
<td>Workers’ compensation insurance</td>
<td>63</td>
<td>48</td>
</tr>
<tr>
<td>Payroll tax and fringe benefits tax</td>
<td>723</td>
<td>624</td>
</tr>
</tbody>
</table>

#### Total
11,279 10,606

### Income

<table>
<thead>
<tr>
<th>Personnel services</th>
<th>2008 $'000</th>
<th>2007 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>11,279</td>
<td>10,606</td>
</tr>
</tbody>
</table>

#### Total
11,279 10,606

### Receivables

<table>
<thead>
<tr>
<th>Current receivables</th>
<th>2008 $'000</th>
<th>2007 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debtors</td>
<td>1,296</td>
<td>1,318</td>
</tr>
</tbody>
</table>

#### Total
1,296 1,318

### Payables

<table>
<thead>
<tr>
<th>Current payables</th>
<th>2008 $'000</th>
<th>2007 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accruals – salaries and oncosts</td>
<td>78</td>
<td>44</td>
</tr>
</tbody>
</table>

#### Total
78 44

<table>
<thead>
<tr>
<th>Current provisions</th>
<th>2008 $’000</th>
<th>2007 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recreation leave</td>
<td>969</td>
<td>1,019</td>
</tr>
<tr>
<td>Other</td>
<td>249</td>
<td>255</td>
</tr>
<tr>
<td></td>
<td>1,218</td>
<td>1,274</td>
</tr>
</tbody>
</table>

7. Changes in Equity

<table>
<thead>
<tr>
<th>Description</th>
<th>2008 $’000</th>
<th>2007 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes in equity – transactions with owners as owners</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Operating result for the year</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Balance at the end of the financial year</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

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1. Accredited operators of railways in NSW

The following list details the names of the 71 accredited rail operators in NSW as at 30 June 2008.

<table>
<thead>
<tr>
<th>Name</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>3801 Limited</td>
<td>NSW Rail Transport Museum</td>
</tr>
<tr>
<td>AW Edwards Pty Limited</td>
<td>New England Railway Inc</td>
</tr>
<tr>
<td>Australia Western Railroad Pty Ltd</td>
<td>Oberon Tarana Heritage Railway Inc</td>
</tr>
<tr>
<td>Australian Rail Track Corporation</td>
<td>OneSteel Manufacturing</td>
</tr>
<tr>
<td>Australian Railway Historical Society (ACT Div)</td>
<td>Pacific National Pty Ltd</td>
</tr>
<tr>
<td>Blue Circle Southern Cement</td>
<td>Patrick Portlink Pty Ltd</td>
</tr>
<tr>
<td>Blue Scope Steel (AIS) Pty Ltd</td>
<td>Perisher Blue Pty Ltd</td>
</tr>
<tr>
<td>Bradken Rail</td>
<td>Queensland Rail</td>
</tr>
<tr>
<td>Campbelltown Steam Museum</td>
<td>Rail Technical Support Group Pty Ltd</td>
</tr>
<tr>
<td>Chicago Freight Car Leasing Australia Pty Ltd</td>
<td>Rail Industry Service Providers Holdings Pty Ltd</td>
</tr>
<tr>
<td>Coleman Rail</td>
<td>Rail Infrastructure Corporation</td>
</tr>
<tr>
<td>Cooma-Monaro Railway Inc</td>
<td>RailCorp</td>
</tr>
<tr>
<td>Downer EDI Rail Pty Ltd</td>
<td>Richmond Vale Preservation Co-op Society Ltd</td>
</tr>
<tr>
<td>Downer EDI Works</td>
<td>SCT Logistics – Twentieth Super Pace Nominees Pty Ltd</td>
</tr>
<tr>
<td>El Zorro Transport Pty Ltd</td>
<td>Scott Corporation Ltd</td>
</tr>
<tr>
<td>Fluor Australia Pty Ltd</td>
<td>South Maitland Railways Pty Ltd</td>
</tr>
<tr>
<td>Freightliner Australia Pty Ltd</td>
<td>South Spur Rail Services Pty Ltd</td>
</tr>
<tr>
<td>Genesee &amp; Wyoming Australia Pty Ltd</td>
<td>Southern &amp; Silverton Railway Pty Ltd</td>
</tr>
<tr>
<td>Goulburn Crookwell Heritage Railway Inc</td>
<td>Southern Shorthaul Railroad</td>
</tr>
<tr>
<td>GrainCorp Operations</td>
<td>Speno Rail Maintenance Australia Pty Ltd</td>
</tr>
<tr>
<td>Great Southern Rail</td>
<td>Steam Tram &amp; Rail Preservation (Co-op) Society Ltd</td>
</tr>
<tr>
<td>Guyra &amp; District Historical Society Machinery Group</td>
<td>Sydney Tramway Museum</td>
</tr>
<tr>
<td>Historic Electric Traction</td>
<td>Taylor Rail Track Pty Ltd</td>
</tr>
<tr>
<td>Illawarra Light Railway Museum Society Ltd</td>
<td>The Rail Motor Society Inc</td>
</tr>
<tr>
<td>Independent Railways of Australia Pty Limited</td>
<td>Thiess Hochtief Joint Venture</td>
</tr>
<tr>
<td>Interail Australia Pty Ltd</td>
<td>Timbertown Heritage Steam Railway Pty Ltd</td>
</tr>
<tr>
<td>John Holland Rail Pty Ltd</td>
<td>Transfield Services Australia</td>
</tr>
<tr>
<td>Junee Railway Workshop Pty Ltd</td>
<td>Transport Infrastructure Development Corporation</td>
</tr>
<tr>
<td>Lachlan Valley Railway Society Co-op Ltd</td>
<td>United Group Infrastructure Pty Ltd</td>
</tr>
<tr>
<td>Laing O’Rourke (BMC) Pty Ltd</td>
<td>United Group Rail Fleet Services</td>
</tr>
<tr>
<td>Laing O’Rourke Australia Construction Pty Ltd</td>
<td>United Group Rail Goulburn Railway Workshops</td>
</tr>
<tr>
<td>Manildra Group</td>
<td>United Group Rail Services Limited</td>
</tr>
<tr>
<td>Melaleuca Station</td>
<td>V/Line Passenger Pty Ltd</td>
</tr>
<tr>
<td>Millennium Park Railways</td>
<td>Veolia Transport – Light Rail</td>
</tr>
<tr>
<td>Museum of Applied Arts and Sciences</td>
<td>Veolia Transport – Monorail</td>
</tr>
<tr>
<td>Zig Zag Railway Co-op Ltd</td>
<td></td>
</tr>
</tbody>
</table>
2. Charter and aims
Under the Transport Administration Act 1988, the principal objective of ITSRR is to ‘facilitate the safe operation of transport services in the State’.
ITSRR also has the following statutory objectives:
> to exhibit independence, rigour and excellence in carrying out its regulatory and investigative functions
> to promote safety and reliability as fundamental objectives in the delivery of transport services.

3. Principal officers (Executive Management Team)
ITSRR’s principal officers during 2007-08, comprising its Executive Management Team, and their background details are outlined on page 4.

4. Performance & number of Senior Executive Service officers
The following table outlines the number of Senior Executive Service (SES) positions in ITSRR in 2007-08.

<table>
<thead>
<tr>
<th>SES Level</th>
<th>No. of SES positions (total) 2006-07</th>
<th>No. of SES positions (total) 2007-08</th>
<th>No. of SES officers (total) 2006-07</th>
<th>No. of SES officers (total) 2007-08</th>
<th>No. of female SES officers 2006-07</th>
<th>No. of female SES officers 2007-08</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>2</td>
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<td>2</td>
<td>1</td>
<td>2</td>
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<td>4</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>0</td>
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<tr>
<td>6</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
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<tr>
<td>TOTAL</td>
<td>7</td>
<td>7</td>
<td>5</td>
<td>6</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

Statement of performance and pay for SES officers Level 5 and above
In 2007-08 ITSRR had 2 SES officers graded at Level 5 and above – Carolyn Walsh appointed as Chief Executive and Michael Quinn appointed as Executive Director Rail Safety Regulation. Mr Quinn resigned on 20 November 2007 and Colin Holmes then acted in the role until June 2008.
In June 2008 Len Neist was appointed to ITSRR as Executive Director Rail Safety Regulation. Mr Neist’s achievements will be outlined in next year’s report.

Name: Carolyn Walsh
Title: Chief Executive
Remuneration: $253,094 pa
Level: SES Level 6
Performance pay: Not applicable

Performance achievements:
Ms Walsh provided leadership for the successful management of each of the statutory functions of the Independent Transport Safety and Reliability Regulator. These include the safety regulation of NSW rail passenger and freight services, strategic coordination of safety regulation across the transport modes of rail, bus and ferry services, and the provision of advice to Government on the reliability of publicly funded transport services.
Major achievements during the year included:

> Implemented ITSRR’s Corporate Priorities for 2007-08 and developed the 2008-09 Priorities.

> Worked with the National Transport Commission on rail safety regulation reform, chairing the tripartite National Rail Safety Package Steering Committee.

> Publicly reported on progress with implementation of recommendations arising out of external investigations into rail, bus and ferry accidents. In particular, expanding the process to include Australian Transport Safety Bureau and Coronial inquiry reports.

> Developed a process for assisting heritage sector operators to improve risk management practices and operational safety.

> Provided advice to the Minister of Transport on international best practice in commuter rail procurement, service quality in public transport and reliability governance.

> Reviewed, with the assistance of ITSRR’s Advisory Board, the existing processes used by the Level Crossing Strategy Council in the allocation of resources to mitigate level crossing risks under the Level Crossing Safety Improvement Program.

> Further consolidated ITSRR’s strategic coordination of safety role in an environment of ongoing reform and change across the three transport modes.

> Undertook a strategic review of human resource management resulting in introduction of mentoring for trainees and revisions to performance management processes.

5. About ITSRR’s Advisory Board

Role and function
The principal functions of the Independent Transport Safety and Reliability Advisory Board are set out in the Transport Administration Act 1988 and include:

> advising ITSRR on reports prepared by ITSRR and any other matter ITSRR may refer to the Advisory Board

Method and terms of appointment of Advisory Board members
The Board consists of five members:

> a Chairperson appointed by the Governor, on the Minister’s recommendation

> three members appointed by the Minister (the appointed members)

> the Chief Executive, ITSRR.

The appointed members must have experience in one or more of the following:

> rail safety management systems

> safety science

> customer service

> accident investigation

> public administration.

The Chairperson must have experience in transport safety management systems (including rail safety management systems) and is usually appointed for a period of five years. The Minister is to consult with the Chairperson before appointing Board members who can hold office for periods of up to five years. The three
appointed members are selected after carefully considering the skills, expertise, international reputation and pre-eminence of a range of nominees, potential conflicts of interest and the extent of any potential conflict.

Meetings
The Board meets monthly, unless additional or extraordinary meetings are considered necessary. During 2007-08 it held 13 meetings. Rob Schwarzer and Professor Jean Cross attended all meetings, Carolyn Walsh and Dr Rob Lee attended 12 and Len Neist, who resigned from the Advisory Board on accepting appointment as ITSRR’s Executive Director Rail Safety Regulation, attended all of the 12 meetings he was eligible to attend as a Board member.

Members of the Advisory Board
Members of the Board as at June 2008 were:

Rob Schwarzer BE(Civil), FIEAust, Churchill Fellow – Chairperson
Rob Schwarzer is GHD’s Rail Business Development Manager providing liaison to the Railway Industry. A civil engineer, he has extensive experience in the transport industry covering freight and passenger services.

Mr Schwarzer has worked with government-owned rail, bus and ferry services and headed the private sector Sydney Light Rail Company. He has extensive experience in construction, operation, and strategic planning for transport systems in both public and private ownership.

Professor Jean Cross BSc, PhD, FIEAust, MAIP
Jean Cross is former Head of the UNSW’s School of Safety Science and is involved in teaching and research in the area of risk management. Professor Cross has a degree and PhD in Physics gained in the UK. She is a Fellow of the Institute of Engineers Australia and a member of the Risk Management Institute of Australasia.

Professor Cross was Chair of the Australian Standards Committee which prepared the Australian/New Zealand Standard No. 4360 Risk Management and is a member of the International Standards Committee revising the IEC standard on risk analysis of technological systems. She has participated in the preparation of Australian Standards handbooks on environmental risk management and risk management in outsourcing.

Dr Robert Lee BA(Hons), PhD, FRAeS, FCILT
Rob Lee has extensive experience in air safety investigation and is regarded as one of the foremost authorities on human factors in safety management. Dr Lee was appointed to the Bureau of Air Safety Investigation as its first human factors specialist and, in 1989, was appointed Director. Since 2000 Dr Lee has been an international consultant in human factors and systems safety in aviation, rail and other high technology industries. He has been an analyst on three major overseas civil air accident investigations, as well as providing evidence to the military Board of Inquiry into the RAN Sea King accident, 2005. His aviation clients have included Cathay Pacific, Finnair, Emirates, Qantas and CASA.

Dr Lee also worked with State Rail in introducing human factors and systems safety concepts to rail operations and training. He was a member of the Expert Panel on Safety Management Systems that provided advice to the Special Commission of Inquiry into the Waterfall Rail Accident.

Dr Lee is a member of the Nuclear Safety Committee of the Australian Radiation Protection and Nuclear Safety Agency and a consultant on aviation psychology, human factors, systems safety and air safety investigation to the Australian Defence Force.

Carolyn Walsh BEc
Carolyn Walsh, Chief Executive of ITSRR is also a member of the Board. Her background details are outlined on page 4.

6. Significant committees
ITSRR has a number of internal and external committees it provides input and leadership to.

ITSRR’s internal committees, including details of their functions and activities during 2007-08, are outlined on page 56.

ITSRR provided leadership for the Transport Regulators’ Executive Committee (TREC). TREC comprises the chief executives of the three agencies responsible for regulating the safety of public passenger transport; ITSRR, the Ministry of Transport (for buses) and NSW Maritime (for ferries). It is chaired by the Chief Executive of ITSRR.

TREC’s role is to act as a mechanism to share information, with the objective of identifying and where applicable, resolving issues that are relevant for all three transport modes. This ensures that each agency understands the commonalities and differences between their approaches to safety regulation.

ITSRR also led the Rail Safety Strategic Forum (RSSF), a committee which aims to enhance consultation and communication between ITSRR and industry. The RSSF was chaired by Natalie Pelham, Executive Director Transport Regulation Strategy (ITSRR). Industry representatives cover track owners, freight and heritage operators as well as union representation and senior executives from ITSRR.

ITSRR has provided significant input to national reform in rail through its participation in a number of committees. ITSRR representatives were as follows:

Rail Level Crossing Behavioural Coordination Group
> Natalie Pelham, Executive Director Transport Regulation Strategy

Rail Safety Consultative Forum
> Natalie Pelham, Executive Director Transport Regulation Strategy
> Colin Holmes A/Executive Director Rail Safety Regulation
7. Grants to non-government organisations

ITSRR did not make any grants to non-government organisations during 2007-08.

8. Principal legislation administered by ITSRR

ITSRR is established under the Transport Administration Act 1988. ITSRR exercises its service and reliability advisory functions under the Transport Administration Act 1988. ITSRR’s rail safety functions are predominately performed under the Rail Safety Act 2002 and the following regulations made under that Act:

- Rail Safety (General) Regulation 2003

ITSRR also has responsibility for guidelines made under the Rail Safety Act 2002 including the following:

- Guideline for Certification of Competency (24 December 2003)
- Rail Safety (Network Rules) Guideline 2007
- Rail Safety (Safety Management Systems) Guideline 2006
- Guideline Relating to Drug and Alcohol Programs 2003

9. Significant judicial decisions

During 2007-08 there were no significant judicial decisions.

10. Legal changes

During 2007-08 new legislation to replace the NSW Rail Safety Act 2002 with a nationally consistent rail safety law was intended to be introduced. The new Bill is awaiting introduction into Parliament in late 2008.

11. Major works in progress

ITSRR had no major works in progress during 2007-08.

12. Electronic service delivery

ITSRR provides a public website which includes a range of information, including relevant legislation, policies and publications (including reports, newsletters and media releases).
### 13. Research and development

ITSRR’s major research activities during 2007-08 are outlined as follows:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Type</th>
<th>Status</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Review of Railway Safety Practices</td>
<td>Research</td>
<td>Completed</td>
<td>To determine international practices in regard to ITSRR’s priority areas of SPADs, level crossings, worksite protection, compliance with infrastructure standards and contractor management.</td>
</tr>
<tr>
<td>Review of Australian Level Crossing Assessment Model (ALCAM)</td>
<td>Research</td>
<td>Completed</td>
<td>Performed a process review of ALCAM and compared output against historical collision risk data. Study supported a more detailed review of level crossing upgrade prioritisation in NSW and a formal review of the model and its use.</td>
</tr>
<tr>
<td>Research in Absent and Failed Defences</td>
<td>Research</td>
<td>Completed</td>
<td>Review of some 1,090 occurrence investigations to determine what elements of an operator’s safety management system, relevant to the occurrence, either failed or were absent.</td>
</tr>
<tr>
<td>Research into Multi SPAD Signals for the NSW Defined Interstate Rail Network (DIRN)</td>
<td>Research</td>
<td>Completed</td>
<td>Review of occurrence data to determine current which signals are considered Multi-SPAD signals for the DIRN.</td>
</tr>
<tr>
<td>Development of a level crossing human factors checklist</td>
<td>Development</td>
<td>In draft</td>
<td>Goal is to develop a checklist to assist capture of human factor issues in regards to level crossings under review or investigation following incidents.</td>
</tr>
<tr>
<td>Research into fatigue relationships with SPADs</td>
<td>Research</td>
<td>Completed</td>
<td>Compilation of shift history data applicable to SPAD incidents to identify fatigue relationships.</td>
</tr>
<tr>
<td>Research into the applicability of fatigue shift rostering models</td>
<td>Research</td>
<td>In progress</td>
<td>Goal is to test the applicability of models used to assess the fatigue implications of shift rosters. This is primarily to determine the circumstances when it is valid to use particular models.</td>
</tr>
<tr>
<td>Stage 2 of procurement and performance monitoring research</td>
<td>Research</td>
<td>Completed</td>
<td>Survey of selected European and Australian commuter rail systems to assess effectiveness of procurement arrangements.</td>
</tr>
<tr>
<td>Development of a new Rail Performance Agreement</td>
<td>Development</td>
<td>In progress</td>
<td>Advice on implementation of best practice procurement principles in Sydney – this activity draws on the findings from the procurement and performance monitoring research.</td>
</tr>
<tr>
<td>CityRail Customer Survey 2007</td>
<td>Research</td>
<td>Completed</td>
<td>Annual survey.</td>
</tr>
<tr>
<td>CityRail Customer Survey 2008</td>
<td>Research</td>
<td>In progress</td>
<td>Annual survey.</td>
</tr>
<tr>
<td>Risk modelling</td>
<td>Development</td>
<td>Continuing</td>
<td>Ongoing development of a precursor risk model for identification of potential rail safety problems.</td>
</tr>
<tr>
<td>Modelling passenger loads and the impact of changes to the CityRail timetable</td>
<td>Development</td>
<td>Continuing</td>
<td>Facility to enable ITSRR to provide independent advice on the likely impact of a new timetable on passenger loads and standing times.</td>
</tr>
<tr>
<td>Geographic Information System (GIS)</td>
<td>Development</td>
<td>Continuing</td>
<td>Use of GIS to enhance the assessment of rail safety risk by both visual display and analysis of spatial information.</td>
</tr>
<tr>
<td>External stakeholder interviews</td>
<td>Research</td>
<td>Progressing</td>
<td>To gather feedback from stakeholders to inform the development of a plan to enhance ITSRR’s stakeholder communications and regulatory effectiveness.</td>
</tr>
</tbody>
</table>
### 14. Equal Employment Opportunity (EEO)

ITSRR’s EEO strategies and results are outlined in more detail on page 65. The following tables reflect ITSRR staff data on EEO.

#### Staff data by salary range and EEO classification

<table>
<thead>
<tr>
<th>Level</th>
<th>Total staff 2007-08</th>
<th>Total staff 2006-07</th>
<th>Respondents</th>
<th>Men</th>
<th>Women</th>
<th>Aboriginal people &amp; Torres Strait Islanders</th>
<th>People from racial, ethnic, ethno-religious minority groups</th>
<th>People whose language first spoken as a child was not English</th>
<th>People with a disability</th>
<th>People with a disability requiring work-related adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; $35,266</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>$35,266 – $46,319</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>$46,320 – $51,783</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>$51,784 – $65,526</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>1</td>
<td>3</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>$65,527 – $84,737</td>
<td>17</td>
<td>13</td>
<td>16</td>
<td>4</td>
<td>13</td>
<td>0</td>
<td>3</td>
<td>5</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>$84,738 – $105,923</td>
<td>12</td>
<td>18</td>
<td>11</td>
<td>56</td>
<td>6</td>
<td>0</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>&gt; $105,923 (non SES)</td>
<td>41</td>
<td>41</td>
<td>40</td>
<td>28</td>
<td>13</td>
<td>0</td>
<td>7</td>
<td>6</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>&gt; $105,923 (SES)</td>
<td>6</td>
<td>5</td>
<td>6</td>
<td>3</td>
<td>3</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>TOTAL</td>
<td>81</td>
<td>81</td>
<td>78</td>
<td>43</td>
<td>38</td>
<td>0</td>
<td>15</td>
<td>15</td>
<td>6</td>
<td>1</td>
</tr>
</tbody>
</table>
A. Trends in the representation of EEO groups

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>50%</td>
<td>34%</td>
<td>38%</td>
<td>42%</td>
<td>44%</td>
<td>48%</td>
</tr>
<tr>
<td>Aboriginal people and Torres Strait Islanders</td>
<td>2%</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>People whose first language was not English</td>
<td>20%</td>
<td>15%</td>
<td>22%</td>
<td>28%</td>
<td>31%</td>
<td>19%</td>
</tr>
<tr>
<td>People with a disability</td>
<td>12%</td>
<td>15%</td>
<td>11%</td>
<td>6%</td>
<td>6%</td>
<td>8%</td>
</tr>
<tr>
<td>People with a disability requiring work-related adjustment</td>
<td>7%</td>
<td>6%</td>
<td>4%</td>
<td>1%</td>
<td>1%</td>
<td>1.3%</td>
</tr>
</tbody>
</table>

B. Trends in the distribution of EEO groups

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>100</td>
<td>91</td>
<td>91</td>
<td>91</td>
<td>91</td>
<td>91</td>
</tr>
<tr>
<td>Aboriginal people and Torres Strait Islanders</td>
<td>100</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>People whose first language was not English</td>
<td>100</td>
<td>n/a</td>
<td>n/a</td>
<td>99</td>
<td>96</td>
<td>n/a*</td>
</tr>
<tr>
<td>People with a disability</td>
<td>100</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>People with a disability requiring work-related adjustment</td>
<td>100</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
</tbody>
</table>

Notes:
1. Staff numbers are as at 30 June 2008.
2. Excludes casual staff.
3. A Distribution Index of 100 indicates that the centre of the distribution of the EEO group across salary levels is equivalent to that of other staff. Values less than 100 mean that the EEO group tends to be more concentrated at lower salary levels than is the case for other staff. The more pronounced this tendency is, the lower the index will be. In some cases the index may be more than 100, indicating that the EEO group is less concentrated at lower salary levels. The Distribution Index is automatically calculated by the software provided by ODEOPE.
4. The Distribution Index is not calculated where EEO group or non-EEO group numbers are less than 20.
15. Consultants
ITSRR did not employ any consultants during 2007-08.

ITSRR is not required to prepare or report on an action plan for women.

17. Disability Plan
ITSRR is not required to develop or report on a disability plan.

18. Land disposal
ITSRR does not have any land to dispose of.

19. List of major assets
ITSRR has no major assets to report against.

20. Economic or other factors impacting on performance
ITSRR’s operating context comprised a range of factors such as industry changes, the labour market and new State-Federal transport policy frameworks that impact on performance. These were considered during the risk and opportunity assessment and corporate planning cycle for 2008-09 (see page 56).

21. Promotion – publications
During 2007-08 ITSRR published the following documents which can be accessed via ITSRR’s website:

Fact sheets
A new fact sheet was published on driver-only operation regulation and existing fact sheets on several other topics were updated.

Reports
- Annual Report 2006-07
- Annual Transport Industry Safety and Reliability Reports 2006-07
- Survey of CityRail Customers 2007

Newsletters
- 4 editions of The Regulator
- 50 editions of Transport Advisory Weekly

Information Alerts
- ITSRR Appoints new Executive Director, Rail Safety Regulation – 1 May 2008
- Drug and Alcohol Testing Officer Training Workshop (13 June 2008) – 22 April 2008
- Revision of the Australian/New Zealand Standard for Urine Drug Testing – 18 April 2008
- Feedback from NSW Rail Safety Regulations 2007 Consultation – 2 April 2008
- ITSRR Selects Membership for Rail Safety Strategic Forum (RSSF) – 31 March 2008
- ITSRR Seeks Nominations for Rail Safety Strategic Forum (RSSF) – 12 February 2008
- New National Standards for Breath Analysis – 12 February 2008
- Update on Proposed Changes to NSW Rail Safety Legislation – 19 December 2007
- Comment Invited on NSW Regulations 2007 – 13 September 2007
- NSW Rail Safety Bill Consultation Feedback – 8 August 2007
- Drug and Alcohol Testing Officer Training Workshop (3 September 2007) – 1 August 2007
- Industry Reminded of Obligations in Relation to Drugs & Alcohol – 26 July 2007
- Contact point for enquiries about the National Standard for Health Assessment of Rail Safety Workers – 5 July 2007
- ITSRR Guidance Material: Train Data Loggers – 2 July 2007

Rail Industry Safety Notices
22. Overseas visits

During 2007-08 there were no overseas trips undertaken by ITSRR staff.

23. Payment of accounts

Aged analysis at the end of each quarter

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Current (within due date) $’000</th>
<th>Less than 30 days overdue $’000</th>
<th>Between 30 and 60 days overdue $’000</th>
<th>Between 60 Days and 90 days overdue $’000</th>
<th>More than 90 days overdue $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>September</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>December</td>
<td>2</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>March</td>
<td>70</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>June</td>
<td>75</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

24. Time for payment of accounts

Accounts paid on time within each quarter

<table>
<thead>
<tr>
<th></th>
<th>Total accounts paid on time</th>
<th>Total amount paid</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Target %</td>
<td>Actual %</td>
</tr>
<tr>
<td>September</td>
<td>100</td>
<td>91.1</td>
</tr>
<tr>
<td>December</td>
<td>100</td>
<td>96.2</td>
</tr>
<tr>
<td>March</td>
<td>100</td>
<td>94.8</td>
</tr>
<tr>
<td>June</td>
<td>100</td>
<td>96.2</td>
</tr>
</tbody>
</table>

For 2007-08, there were no significant events which affected the payment performance.

During the reporting period there were no instances where ITSSR paid interest due to late payments.

Increased use of electronic processing of accounts is expected to improve accounts processing performance.
25. Risk management and insurance activities
ITSRR undertook an extensive corporate risk management process during the year as part of its corporate planning cycle. For more information, see page 56.
ITSRR has maintained accounts with the Treasury Management Fund for all insurance.

26. Disclosure of controlled entities
ITSRR does not have any controlled entities to report against.

27. Annual Report external costs
ITSRR used an external design studio to produce the report, given that this was assessed as the best use of resources.

The cost of preparing the report (300 hard copies) was approximately $26,339.50 (including GST).

28. Freedom of Information
The following tables are in accordance with the requirements of the Department of Premier and Cabinet.
‘Personal’ refers to matters of private concern to an individual.
‘Other’ refers to all other types of requests.

<table>
<thead>
<tr>
<th>FOI Requests</th>
<th>Personal 2006-07</th>
<th>Personal 2007-08</th>
<th>Other 2006-07</th>
<th>Other 2007-08</th>
<th>Total 2006-07</th>
<th>Total 2007-08</th>
</tr>
</thead>
<tbody>
<tr>
<td>New</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Brought forward</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total to be processed</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Completed</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Transferred out</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Withdrawn</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total processed</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Unfinished</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Result of FOI requests</th>
<th>Personal 2006-07</th>
<th>Personal 2007-08</th>
<th>Other 2006-07</th>
<th>Other 2007-08</th>
<th>Total 2006-07</th>
<th>Total 2007-08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Granted in full</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Granted in part</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Refused</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Deferred</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Completed</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>
Ministerial Certificates
There were no Ministerial Certificates issued in 2007-08.

Formal consultations
There was one request requiring formal consultation in 2007-08.

Amendment to personal records
There were no requests to amend personal records in 2007-08.

Notation of personal records
There were no requests for notation of personal records in 2007-08.

29. Credit card certification
The Chief Executive has certified that the use of credit cards was in accordance with Premier’s Memorandum and Treasurer’s Directions.

30. Response to significant issues raised by the Auditor-General
No issues for ITSRR action were raised by the Auditor-General during 2007-08.
The following glossary includes reference to ITSRR-specific terms, national bodies and rail-related terms used in this Annual Report.

**ITSRR-specific terms**

**CMS** is the Corporate Management System, ITSRR’s business and quality management system.

**EMT** refers to the Executive Management Team of ITSRR comprising the Chief Executive and four divisional directors.

**OTSi** is the Office of Transport Safety Investigations. It conducts independent investigations of transport accidents in NSW.

**SMS** refers to a safety management system, the central framework rail operators use to manage safety risks.

A safety management system is a structured way of administering the control measures (e.g. engineering and technical standards and procedures) necessary to manage or control the risks arising from an operator’s rail operations. Criteria for these systems are outlined in the Safety Management Systems Guideline issued under the Rail Safety Act 2002.

**TREC** is the Transport Regulators Executive Committee comprising the Chief Executives or nominees of ITSRR, the Ministry of Transport and NSW Maritime.

**Waterfall Inquiry** refers to the Special Commission of Inquiry into the Waterfall Rail Accident.

**National rail-related organisations and/or committees**

**Australasian Railway Association (ARA)** is a member-based association representing the interests of the rail sector in Australia and New Zealand.

**Australian Transport Council (ATC)** comprises the Transport Ministers of each State, Territory and the Commonwealth and is responsible for coordinating the development of national transport reforms.

**Australian Transport Safety Bureau (ATSB)** is an operationally independent body within the Australian Government Department of Transport and Regional Services and is Australia’s prime agency for transport safety investigations.

**Council of Australian Government (COAG)** comprises the Prime Minister, State Premiers, Territory Chief Ministers and the President of the Australian Local Government Association. Its role is to initiate, develop and monitor the implementation of policy reforms of national significance.

**National Transport Commission (NTC)** comprises five members and a CEO. It provides advice and recommendations on transport reforms to Ministers at the Australian Transport Council (ATC). Transport Ministers are required to vote on NTC reforms and if approved by a majority, all Governments are required to implement the reforms.

**Rail Safety Regulators Panel (RSRP)** comprises rail regulators from each jurisdiction. It discusses rail regulatory issues of national significance and coordinates a consistent national approach to the administration of rail safety regulation.

**Standing Committee of Transport Chief Executives (SCOT)** comprises Chief Executives of transport agencies from each State, Territory and the Commonwealth. It facilitates the deliberations of the Australian Transport Council and assists to coordinate and develop national transport reforms.

**Rail-related terms**

A running line refers to all railway tracks (other than sidings) that are used for the through movement of trains inclusive of mainlines, isolated lines, crossing loops and shunting yards.

The **mainline** is the line normally used for running trains.

The term **heavy rail** is typically used for regular railway operations on the mainline, while **light rail** uses less massive equipment and infrastructure than heavy rail, with vehicles which run on rails on a highway, road or easement specifically designated for that use.

**Passenger operations** carry passengers on commercial or heritage services, while **freight operations** carry goods (including dangerous goods).

**Sidings** are portions of railway track connected to a running line or another siding on which rolling stock can be placed clear of the running line and stabled. A **private siding** is owned and maintained by a person who does not own, control or manage the running line with which the siding connects or to which it has access.

**Rolling stock** means any vehicle that operates on or uses a railway track, excluding road/rail vehicles, which are designed for both uses. A train means one unit of rolling stock or two or more units coupled together, at least one of which is a locomotive or other self-propelled unit.
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Business and service hours
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Reception is open from 9am to 5pm.