Independent Transport Safety and Reliability Regulator

2004 ANNUAL REPORT
Dear Minister

It is my pleasure to submit to you for presentation to Parliament the first Annual Report of the Independent Transport Safety and Reliability Regulator (ITSRR), which also includes the Annual Rail Industry Safety Report and the Annual Reliability Report for 2003/04.

As ITSRR was formally established on 1 January 2004, the report covers the first six months of operations, ending 30 June 2004.

The report highlights the work undertaken during this period to establish ITSRR and the Office of Transport Safety Investigation (OTSI) and identifies the key priority areas for next year.

The report has been prepared in accordance with the requirements of the Annual Reports (Statutory Bodies) Act 1984, the Annual Reports (Statutory Bodies) Regulation 2000, the Rail Safety Act 2002, the Transport Administration Act 1988 and the Public Finance and Audit Act 1983.

Yours sincerely

Carolyn Walsh
Chief Executive
# Contents

Letter to Minister ................................................................. 2  
Chief Executive’s Report ......................................................... 4  
Chairperson’s Report ............................................................. 6  
Key Achievements in 2004 ....................................................... 7  
About the Independent Transport Safety and Reliability Regulator ................................................................................................................................. 8  
About the Advisory Board ....................................................... 10  
Members of the Advisory Board ............................................. 11  
ITSRR Goals ........................................................................ 13  
ITSRR Corporate Plan ......................................................... 14  
ITSRR Operational Divisions ................................................... 15  
Office of Transport Safety Investigation ..................................... 25  
ITSRR Organisational Structure ............................................. 29  
Industry Overview ............................................................... 30  
NSW Rail Industry Safety Report 2003/04 ......................................................... 38  
NSW Transport Reliability Report 2003/04 ................................................. 58  
Financial Report ................................................................ 76  
Appendices ........................................................................ 97  
Contact details ................................................................ 114
The Independent Transport Safety and Reliability Regulator (ITSRR) was established as part of a package of Public Transport reforms announced by the Minister for Transport Services in April 2003.

Following the Minister’s announcement, a project team was formed to establish the new Regulator. Working in cooperation with the then Ministry of Transport’s Transport Safety Bureau, the project team was responsible for developing the structure, functions and policy approach of ITSRR.

Legislation to establish ITSRR was passed through the NSW Parliament in November 2003 and ITSRR formally began operations on 1 January 2004. As a result, this report covers the activities and achievements for the period 1 January to 30 June 2004.

The first six months of 2004 has been a period of intense activity for ITSRR as it sets up its processes, policies and procedures. Some of the major achievements are outlined briefly in the next section of this report and in more detail in the reports by operational areas of the agency.

It has also been a time of considerable change in the operation and structure of transport safety regulation in New South Wales. This change is likely to continue when the final report of the Special Commission of Inquiry into the Waterfall Rail Accident is released. The activities of the Special Commission have occupied the attention of ITSRR throughout the year. In February 2004, the Commission formed a panel of experts to conduct an audit of ITSRR. The results of this audit will be considered by the Commission in the formulation of its final report.

The final report is expected to make recommendations in relation to ITSRR and the regulation of the rail industry. Responding to these recommendations will be a major focus of the work to be undertaken by ITSRR in the coming year.

Contained within, but functionally separate from ITSRR, is the Office of Transport Safety Investigation (OTSI) which is responsible for the conduct of “just culture”
investigations into bus, ferry and rail accidents and incidents. OTSI is led by the Chief Investigator who reports directly to the Chairperson of the Advisory Board and is not subject to my control or direction. This arrangement allows the role of the Investigator to be independent from that of the Regulator and enables the Investigator to review and comment on the role of the Regulator where necessary. It enables the Investigator to focus solely on determining the causes of, or the factors that contribute to, an accident or incident rather than concentrating on determining breaches of legislation, and leaves the determination of breaches of the legislation and any subsequent sanctions as the prerogative of the Regulator.

ITSRR’s Corporate Plan, which encompasses the Vision, Key Results, Priorities and Values of the organisation, provides the blueprint for achieving our vision of “Safe and reliable transport services for New South Wales.”

ITSRR’s continued development will rely upon the dedication and commitment of staff and the cooperation of the transport industry, in particular the rail industry.

Finally, I would like to thank the staff of ITSRR for their hard work and positive attitude in response to the many changes that have occurred over the past six months.

Carolyn Walsh
Chief Executive
The Advisory Board has played an active part in the establishment and operation of the Independent Transport Safety and Reliability Regulator (ITSRR) throughout the year. As the name suggests, the Advisory Board’s principal function is to advise the executive of ITSRR and the Minister about matters of transport safety and reliability. In doing so, the Board aims to provide a “quality assurance” role – using its collective skills and experience in reviewing and advising on ITSRR’s key activities.

The period under review was a challenging time for ITSRR and the new Board. Much time and effort has been spent on defining and documenting ITSRR’s key functions, policies and procedures, while at the same time gearing up for effective delivery of services on the ground.

The Board has provided advice to ITSRR’s management on its policies and procedures, including the training programs put in place by ITSRR to ensure that staff have the knowledge and skills to carry out their duties.

During this establishment phase, ITSRR has also delivered on its core functions of safety regulation, monitoring the reliability of services and (through the Office of Transport Safety Investigation) the conduct of inquiries into major transport services accidents and incidents.

The Board has offered advice in relation to accreditation applications, safety audit reports, compliance strategies, research projects, data collection and analysis, and accident investigation reports.

A great deal of attention has also been given to addressing the findings of the Interim Report of the Special Commission of Inquiry into the Waterfall Rail Accident. In doing so, the Board has paid particular attention to the way in which the governance arrangements of rail companies support a strong safety culture and practice.

In addition to the activities of the Board as a whole, as Chairperson I provided, and continue to provide, advice leading to the establishment and continuous improvement of ITSRR as an effective safety regulator in the transport industry.

I convey my thanks to my colleagues on the Board for their thoughtful contributions during the year. I am also grateful to ITSRR’s management team for their willingness to engage the Board in an active and constructive dialogue concerning the challenges facing the organisation.

Ron Christie
Chairperson
Independent Transport Safety and Reliability Advisory Board
ITSRR has been established to improve the safety and reliability of NSW transport. During its first six months of operation, ITSRR’s activities have focused on building the capacity of the organisation, with the recruitment and training of staff, and establishing and improving its policies and procedures. This has been undertaken while maintaining continuity of service delivery.

Some of the key achievements during this time were:

1. The development of the National Rail Safety Accreditation Package for rail operators
   This represents one of the most significant improvements in achieving structural change in operator’s safety practices. The accreditation package provides a clear outline of the requirements for providers of rail services to satisfy the regulator that their railway operations are safe. ITSRR has worked very closely with major operators and other jurisdictions in particular, to ensure the development of this accreditation process, and will continue to develop and improve safety operations based on the accreditation process.

2. The introduction of specific safety initiatives. These include:
   • Introduction of Drug and Alcohol Programs and Testing Regime; and
   • Introduction of Health Assessment Standards for Rail Safety Workers.
   Both of these initiatives targeted areas of identified weakness in the railway system, and have made a significant improvement in the safe operation of railway services by key railway safety personnel.

3. Implementation and monitoring of rail accreditation processes
   • Following on from the development of the accreditation package, ITSRR has undertaken considerable preparatory work to accredit the Australian Rail Track Corporation (ARTC). ARTC, a company whose shares are owned by the Commonwealth Government, has taken a long term lease of the interstate and Hunter lines in accordance with a long term plan to re-organise NSW rail services.
   • ITSRR has also undertaken considerable monitoring of RailCorp’s progress in achieving its provisional accreditation safety milestones.

4. Focusing attention on the reliability of the metropolitan passenger services
   One of the primary means to improve reliability is to highlight areas of strength and weakness in the existing system. The successful delivery of the Review of On-Time Running of CityRail Services has demonstrated the value of this approach by increasing the Government’s understanding of issues affecting service standards.

5. Building internal capacity
   • Increasing the skills of the Regulator’s officers through compliance training, investigation training and safety management system training has been a priority during our start up phase, and we are committed to continuously improving our regulatory capacity by building and maintaining the skill base of our field staff.

Another key priority of the first six months has been to identify and communicate to our stakeholders who we are, what we want to achieve, and the services we provide to the people of NSW. This has been achieved through provision of publications, the establishment of a website, the conduct of seminars for client operators and a visible field force in the industry.
Constitution

The Independent Transport Safety and Reliability Regulator (ITSRR) is constituted under the Transport Administration Act 1988 and became operational on 1 January 2004.

ITSRR is a statutory authority, independent of the Ministry of Transport and transport operators in relation to its core functions.

Abolition of the Office of Co-ordinator General of Rail

The legislation establishing ITSRR also abolished the Office of the Co-ordinator General of Rail (OCGR). None of the functions of OCGR were transferred to ITSRR.

Our Charter

ITSRR’s charter is to facilitate the safe operation of transport services in NSW.

Core Functions

ITSRR’s core functions are:

Rail Safety Regulation

ITSRR is the safety regulator of the NSW rail industry. Regulation of rail safety is achieved through:

- accreditation of railway operators to ensure they have the systems, skills and capacity to run operations safely;
- auditing accredited operators’ safety management systems;
- verifying compliance with the Rail Safety Act 2002 and an operator’s terms of accreditation through inspections and investigations;
- monitoring implementation of safety initiatives, safety recommendations and actions;
- collecting and analysing data from operators to identify safety trends and target regulatory action appropriately;
- conducting research into safety issues to identify improvements for safety regulation in NSW; and
- conducting education and awareness activities to assist rail operators to understand and comply with their obligations.

Reliability Monitoring

ITSRR has a role in advising on the performance of publicly funded transport services against standards set by the NSW Government.

In relation to a transport service, reliability means quality, effectiveness and efficiency of the service, having regard to the following matters:

- fulfilment of obligations under contracts and arrangements relating to the provision of services, including timeliness and quality of services;
- management and administration of infrastructure, assets, resources and liabilities; and
- any other matters prescribed by the regulations.

ITSRR’s reliability monitoring role also complements its safety function. By understanding the pressures on the delivery of services and the management of infrastructure and other assets, ITSRR can identify potential conflicts between service standards and safety.

Strategic Co-ordination across Transport Modes

ITSRR provides strategic co-ordination and leadership on safety issues for public transport operations across rail, bus and ferry transport modes. This involves ITSRR working in co-operation with the regulators of buses (Ministry of Transport) and ferries (Waterways Authority)\(^1\) to promote consistency in safety regulation when appropriate. This may include, for example, the application across transport services of:

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\(^1\) The Waterways Authority became the NSW Maritime Authority on 1 September 2004.
• Drug and alcohol testing;
• Fatigue management;
• Medical standards; and
• Implementation of safety management systems.

ITSRR works in conjunction with other regulators such as WorkCover, the Department of Environment and Conservation and the Roads and Traffic Authority. Interaction also occurs with safety regulators at the national level, particularly the Australian Transport Safety Bureau and transport safety regulators from other States, and through national policy making bodies like the Commonwealth Standing Committee on Transport.

Investigation

The Office of Transport Safety Investigation (OTSI) undertakes investigations into serious rail, bus and ferry accidents and incidents and related transport safety issues.

The purpose of OTSI investigations is to identify what has occurred, why it has occurred and to recommend safety actions to rectify deficiencies and prevent recurrence of similar incidents. OTSI investigations do not seek to attribute blame, but rather establish the factors and sequences which have contributed to causing the incident.

Ultimately, OTSI is concerned with the safety interests of the travelling public and the staff of public and private sector transport services.

OTSI also manages a Confidential Safety Information Reporting Scheme (CSIRS) for employees of public passenger train, bus and ferry companies and freight rail operators. The Scheme enables employees to report information regarding safety occurrences and safety concerns they may be reluctant to report officially within their company, or where they have been unsuccessful in having previous internal reports addressed to their satisfaction.
About the 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:

- advise ITSRR and or make recommendations to ITSRR on safety and reliability;
- advise ITSRR on reports prepared by ITSRR and any other matter ITSRR may refer to the Board; and
- advise the Minister and/or make recommendations on the safe operation of transport services (including safety regulation by transport authorities) and the reliability of publicly funded transport services.

Method and Terms of Appointment of 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); and
- the Chief Executive, ITSRR.

The members are appointed by the Minister and must have experience in one or more of:

- rail safety management systems;
- safety science;
- customer service;
- accident investigation; and
- public administration.

The Chairperson must have experience in transport safety management systems (including rail safety management systems).

The Minister is to consult with the Chairperson before appointing Board members.

Mr Ron Christie is the current Chairperson of the Board and was appointed for a period of five years from 16 December 2003. The three appointed members were selected after carefully considering the skills, expertise, international reputation and pre-eminence of a range of nominees, and potential conflicts of interest and the extent of any potential conflict. These members were appointed for periods of three years from 16 December 2003.

Meetings

The Board determined that it would meet monthly, unless additional or extraordinary meetings are considered necessary.

The inaugural meeting of the Board was held over two days; 5 February 2004 and 19 February 2004. Meetings have since been held on:

- 18 March 2004;
- 15 April 2004;
- 20 May 2004; and
- 17 June 2004.

The Board also convened two special meetings in May 2004: one with RailCorp’s Board and the other to review ITSRR’s new Safety Management Systems Training Package.

All Board members attended each of these meetings.

Role of the Chairperson in relation to the Office of Transport Safety Investigation

The Chief Investigator of OTSI reports to the Chairperson of the Advisory Board and is not subject to the direction or control of the Chief Executive of ITSRR.

The Chairperson of the Advisory Board has the power to initiate safety inquiries into accidents or incidents involving railways, buses and ferries.
Ron Christie AM (BE, FIEAust, ASTC, FAIM) – Chairperson

Ron Christie has had extensive experience as a Chief Executive with a long history of involvement in public transport. Mr Christie has held a number of senior positions which include Chief Executive of the Roads and Traffic Authority (RTA), Chief Executive of the Olympic Roads and Transport Authority (ORTA), and Co-ordinator General of Rail.

While at ORTA, Mr Christie was responsible for co-ordinating the input of all public transport providers in NSW, including the RTA, the rail system, Government and private bus operators, ferry operators and volunteer car drivers, to provide for the transport needs of the Olympic and Paralympic Games. As Co-ordinator General of Rail, Mr Christie was responsible for the co-ordination of three rail entities, making recommendations to Government for changes to the organisational structure of the rail industry in NSW, including funding requirements.

Professor Jean Cross (BSc, PhD, FIEAust, MAIP)

Jean Cross is head of the UNSW’s School of Safety Sciences 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 is 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, which prepared an IEC standard on Project Risk Management. She has participated in the preparation of Australian Standards handbooks on environmental risk management, and risk management in outsourcing.

Rob Schwarzer (BE (Civil), FIEAust, Churchill Fellow)

Rob Schwarzer is GHD’s Business Development Manager responsible for the company’s services to the railway industry. A civil engineer, he has over 36 years’ 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.
Carolyn Walsh, Chief Executive of ITSRR is also a member of the Board.

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 by the Bureau of Air Safety Investigation (BASI) as their first human factors specialist. In 1989 he was appointed Director of BASI. Under Dr Lee’s leadership, BASI fundamentally changed the manner in which aircraft accidents and incidents were investigated and analysed in Australia, particularly through the application of advanced human factors and systems safety concepts. He has also worked with State Rail in introducing human factors and systems safety concepts to rail operations and training.

Dr Lee is now an international consultant in human factors and systems safety in aviation, rail and other high technology industries and is a Group Captain in the RAAF Specialist Reserve. His recent airline clients have included Cathay Pacific, Emirates and Qantas, and the Australian Defence Force.
ITSRR's vision is "Safe and Reliable Transport Services for New South Wales".

It aims to achieve this by working in partnership with transport authorities, transport operators and employees, and the community to deliver the following results:

1. Operators have effective safety management systems;
2. Operators have a continuously improving safety culture;
3. ITSRR identifies and alerts industry to potential safety issues; and
4. Government and the community are informed about service reliability.

ITSRR’s first Corporate Plan sets out the strategies that ITSRR will use to achieve these results. The Plan covers the period January 2004 to June 2006, but focuses on the projects that were undertaken in the first six months to establish ITSRR.

To achieve its aims, ITSRR has adopted four core values:

**Professionalism:** ITSRR is proud of the quality, timeliness and independence of its work. It encourages the professional development of all staff.

**Transparency:** ITSRR is open with the community and industry about its practices and policies, the information it collects and analyses, and the decisions it makes.

**Integrity:** ITSRR staff strive to be fair, honest and trustworthy in all dealings with the community and industry.

**Innovation:** ITSRR aims to take a leading role in transport safety and encourage the cross-fertilisation of skills and ideas across transport modes. Its practices are based on the collection and analysis of current information, having a strong technical and research capability, and making decisions based on evidence.

During its first six months of operation, ITSRR identified the performance measures against which it will assess its achievements in the future. These measures will be reported in future years. The performance measures fall into the following broad categories:

- The outcomes from ITSRR’s accreditation audits;
- Risk profiles across transport services;
- Safety culture measures;
- Industry compliance;
- Quality of ITSRR services;
- Timeliness of ITSRR services;
- Improved awareness of public asset sustainability.
Corporate Plan

January 04 - June 06

Vision
Safe and reliable transport services in New South Wales

Mission
Working in partnership with transport authorities, transport operators and employees, and the community to deliver the following results:

1. Operators have effective safety management systems
2. Operators have a continuously improving safety culture
3. ITSRR identifies and alerts industry to potential safety issues
4. Government and the community are informed about service reliability.

Strategies

Rigorous and transparent safety investigation
Consistent and effective safety regulation
Excellence in corporate governance
Better informed stakeholders through leadership and communication
Rigorous analysis and reporting of reliability and safety performance information

ITSRR's establishment projects to 30 June 2004

1. Development and communication of sound, rigorous and transparent policies and procedures for conducting investigations, accreditation and compliance activities.
2. Implementation of strategies for working with industry to assist it to introduce and enhance safety management systems and safety culture.
3. Development of strong education and communication strategies for industry and the community.
4. Establishment of and participation in forums for consulting with rail, bus and ferry authorities (through the Transport Reference Group), the community (through the Transport Advisory Group) and national transport agencies.
5. Implementation of systems and processes for measuring safety and reliability performance, researching and identifying safety issues, and communicating results.
6. Establishment of excellent internal management systems including a quality management program, an integrated information management system, and a professional development program.

Our 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 with the community and industry.

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, having a strong technical and research capability, and making decisions based on evidence.
The operational divisions of ITSRR are:

1. Transport Safety Regulation Division;
2. Service Reliability Division;
3. Corporate Strategy Division; and
4. Business Services Division.

ITSRR also has an “in house” expert consultancy service known as the Technical Panel.

Additionally the Office of Transport Safety Investigation (OTSI) is contained within, but functionally separate from ITSRR.

An overview of OTSI is in the next section of this report.

1. Transport Safety Regulation Division

The Transport Safety Regulation Division of ITSRR oversees rail safety regulation and contributes policy and project support to ITSRR’s strategic co-ordination role. The Division has been structured to provide operational field officers with sound research, policy and project management backing to ensure that the safety objectives of ITSRR are achieved.

Accordingly, it is structured into three areas:

1. Accreditation and Compliance Branch
2. Safety Strategy Branch
3. Safety Projects Branch

An Overview of NSW Rail Safety Regulation

Railway operators are subject to the Rail Safety Act 2002. Since 1 January 2004, the Independent Transport Safety and Reliability Regulator has administered the Act. Prior to this it was administered by a specialist rail safety unit within the Ministry of Transport.

The Act requires all railway operators – a term defined as also including organisations that build and maintain rail infrastructure and rolling stock – to be accredited by ITSRR.

To obtain and keep their accreditation, railway operators must implement and maintain comprehensive risk and safety management systems. As well, significant changes to safety management arrangements must be submitted to ITSRR for review and approval.

Where there are particular concerns about an operator’s capacity to operate safely, ITSRR may attach conditions to their accreditation, or grant provisional accreditation pending implementation of specific safety measures.

ITSRR conducts periodic audits of railway operators’ risk and safety management systems and undertakes regular inspections of railway operator premises as well as unannounced on-board or “cab-ride” inspections of scheduled passenger and freight services.

ITSRR safety officers also investigate reported incidents.

The Act provides ITSRR safety officers with a wide range of tools to encourage and enforce compliance with it and operators’ accreditation requirements. These include:

- caution letters requesting railway operators respond to a specified hazard (known as “letters of emerging safety concerns”);
- improvement notices requiring specified remedial action within a specified timeframe;
- prohibition notices;
- temporary variation or suspension of the operator’s accreditation, for example, requiring compliance with a particular technical standard or prohibiting use of specified equipment; and
- prosecution for significant breaches of accreditation.

ITSRR Annual Report 2004  15
conditions or specific legislative requirements.

A list of Accredited Operators of Railways in NSW is provided in the Appendix to this Report.

The Act also requires publication of an Annual Rail Industry Safety Report. This is included later in this Report.

1.1 Accreditation and Compliance Branch

The Accreditation and Compliance Branch assesses applications for accreditation and makes a recommendation to the Chief Executive as to the adequacy of an operator’s competence, capacity and systems to safely manage rail operations.

Once accreditation is granted, the Branch monitors an operator’s compliance with the Rail Safety Act 2002 through safety milestones, auditing, inspection and investigation. The audit program for the period under review focussed on the main operators – particularly RailCorp, Pacific National and ARTC.

Activities of Accreditation and Compliance Branch during January to June 2004:

- monitoring the progress of RailCorp in achieving its safety milestones following a grant of provisional accreditation on 31 December 2003;
- working with InterRail and Speno Rail Maintenance Australia, together with regulators in other jurisdictions, to achieve mutual accreditation of these companies in other states;
- processing major variations to accreditations including: addition of new rolling stock to the RailCorp fleet, changes to Pacific National’s fleet composition and operating environment and application of new standards to Rail Infrastructure Corporation’s infrastructure maintenance procedures;
- conducting workshops with accredited operators to introduce ITSRR and explain accreditation, compliance and enforcement requirements under the Rail Safety Act 2002;
- implementing the recommendations of the Waterfall Special Commission of Inquiry as they relate to the railway industry generally; and
- undertaking specific accreditation and compliance activity as shown in the table below:

The Year Ahead

Transport Security:
The Accreditation and Compliance Branch includes officers with expertise in transport security. In the coming year the Branch will be auditing critical rail infrastructure, and developing guidelines for managing passenger security to assist rail operators with compliance with section 13 of the Rail Safety Act 2002, which requires rail operators to have a “passenger security policy and plan”. ITSRR and the Ministry of Transport will be representing NSW in the development of an intergovernmental agreement on surface transport security.

### Accreditation

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### Compliance Activity

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<td>Cab Rides</td>
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### Issue of Statutory Notices

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### Issue of Non-Statutory Notices

<table>
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<th>Notice of Emerging Safety Concern</th>
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<tr>
<td>Rail Industry Safety Notice</td>
<td>2</td>
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</table>
Accreditation
Accreditation for the Australian Rail Track Corporation and reaccreditations for Pacific National and RailCorp.

Staff Development
Further staff development is planned to cover both risk management and lead auditor skills. This training will be expanded to involve industry representatives and possibly representatives from other states.

1.2 Safety Strategy Branch
The Safety Strategy Branch formulates the policies, procedures and strategies essential to the effective administration of the Rail Safety Act 2002. In addition, the Safety Strategy Branch coordinates ITSRR’s input on behalf of the Government into high level forums and committees that address issues on the National Safety Regulation Reform agenda.

The Safety Strategy Branch also incorporates a Data Analysis and Research Unit which will rely on a database comprising data on rail safety incidents and outcomes of investigation and compliance activities so that it can provide detailed analysis of safety issues in rail. This information is enhanced through national and international research into safety issues and corrective strategies adopted by other regulators and operators.

Activities of the Safety Strategy Branch During January to June 2004:
Introduction of:
• ITSRR’s Compliance and Enforcement Policy for the Rail Safety Act 2002;
• National Rail Safety Accreditation Package;
• Drug and Alcohol Program and Testing Regime for rail operators;
• Fatigue Management Program requirements for rail operators; and
• Health Assessment Standards for rail safety workers.
Represented the Transport Portfolio on the:
• Critical Infrastructure Review and on the Federal Standing Committee on Transport Security to assist in the development of the National Transport Security Strategy; and
• Mass Transit Incident Operational Committee to develop coordinated Transport Emergency Plans.
The Branch also monitored a number of recommendations of the Special Commission of Inquiry into the Waterfall Rail Accident as they related to RailCorp.

The Year Ahead
Finalisation and Implementation of the National Rail Safety Accreditation Package (NRSAP)
Industry briefing and awareness sessions, supported by the development of national guidance and explanatory material will accompany implementation of NRSAP.
1.3 Safety Projects Branch

The Safety Projects Branch supports ITSRR through the management, development and implementation of major safety reform projects and monitors the implementation of recommendations arising from significant investigations such as the Special Commission of Inquiry into the Waterfall Rail Accident.

Activities of the Safety Projects Branch during January to June 2004:

Train Communication Project, including:

- ITSRR is working with industry to facilitate the integration of radio communication systems between freight and passenger trains, particularly during emergency situations;
- Train to Train Communication Desktop Trial; to assess safety and operational issues relating to radio technology and operation.; and
- Participation in the development of National Communication Standards with Australasian Railways Association.

Safety Initiatives across transport modes including:

- Chairing of the School Bus Safety Working Group– Seat Belts, to identify potential and practical solutions, which will be provided to the Minister for consideration;
- Co-ordinating the Bus Door Safety Working Party to develop preventative strategies to enhance bus driver safety and discourage unsafe work practices; and
- Development of Safety Management Systems (SMS) for bus and ferry operators in conjunction with the Ministry of Transport and Waterways Authority (now NSW Maritime Authority).

The Year Ahead

Safety Management Systems

ITSRR will, in conjunction with the Ministry of Transport, continue to review the Bus Accreditation Package to ensure compatibility with Safety Management System guidelines. Inclusive in this process, will be further analysis and review of the issues associated with the integration of Safety Management Systems with the needs of bus accreditation.

Emergency Egress

ITSRR has commissioned a report into emergency access and egress issues. The Report has been to the ITSRR Advisory Board and is currently being discussed with industry. ITSRR will consider mandating minimum performance based standards for emergency egress and access following industry feedback. These standards will take into account any recommendations from the Waterfall Inquiry.
ITSRR’s Safety Projects Branch is currently managing the development and implementation of safety management systems into the bus and ferry sectors. This results from recent changes to legislation for all accredited bus, and ferry operators, as a Government initiative to improve passenger safety on public transport throughout NSW.

The legislation requires that safety management systems must identify any significant risks, specify their controls (including audits, expertise, resources and staff) and comply with any guidelines issued by ITSRR, the Maritime Authority for ferries and the Ministry of Transport for buses.

ITSRR is working with a number of stakeholder agencies including the NSW Ministry of Transport, State Transit Authority, Bus and Coach Association, NSW Maritime Authority and the Charter Vessel Association to assist them with the development and implementation of these systems.

The implementation of safety management systems in conjunction with other targeted improvement initiatives will assist in reducing the number of safety related incidents in both buses and ferries throughout NSW.

Draft guidelines that outline the detailed requirements of safety management systems are currently being piloted with a number of bus and ferry operators. The experience and lessons learned during this pilot exercise will be used for the benefit of all other accredited operators during implementation of these systems, which will be rolled out during the latter half of 2004.
2. Service Reliability Division

The Service Reliability Division monitors and reports on the reliability performance of publicly funded transport services, including passenger rail, bus and ferry services. Reliability includes all aspects of transport service quality, not just on-time running.

There are three dimensions to the Division’s monitoring and reporting role:

- advising Government on performance against the standards set out in the contracts under which the Ministry of Transport provides funding, or grants operating rights, to transport service providers such as RailCorp and the State Transit Authority;
- advising Government on the sustainability of the assets of the Transport Authorities; and
- identifying performance issues which may indicate potential safety issues.

ITSRR’s reliability function is one of analysis and reporting. ITSRR does not set standards for use in the transport operator contracts; nor does it fund the services provided through those contracts.

Activities of the Service Reliability Division during January to June 2004:

Developing data sets and information requirements

The Transport Administration Act requires the publication of a reliability report. The first report, for 2003/04, is appended to this Annual Report. In the first six months of 2004, ITSRR worked with the Ministry of Transport to establish data and information requirements for this report.

These information requirements reflect major changes to public transport arrangements announced by the Government. The changes included responses to the Ministerial Inquiry into Sustainable Transport (Parry) and the Ministerial Review of Bus Services in NSW (Unsworth).

These changes meant that during 2003/04 the Ministry of Transport was developing new contracts for public transport and for rail infrastructure. This work continues.

Publication of a report for the Minister on CityRail On-Time Running

In November 2003, the Minister for Transport Services requested that ITSRR review CityRail’s on-time running, in particular, the appropriateness of the on-time running benchmark of three minutes and fifty-nine seconds and the collection of on-time running data.

The review identified factors which affect CityRail’s on-time running, notably a timetable that is “too tight” compared with operational capacity, and poor management of incident levels and recovery from incidents. The review also found that the on-time running standard for CityRail was more aggressive than in other cities.

In response to this report, the Government announced its intention to modify CityRail’s on-time running standard. RailCorp is also introducing a number of measures to more closely align the timetable with capacity.
**Customer survey**

In previous years RailCorp has undertaken its own customer surveys. With the establishment of ITSRR, RailCorp and ITSRR agreed that ITSRR would establish and report on an independent survey of customer service standards, undertaken from a customer perspective, and publish its results.

The content for the ITSRR survey of CityRail customers was developed from focus groups held early in 2004 and consultations with potential users of the data and independent experts. The first survey of CityRail customers commenced in June.

**Linking reliability and safety information**

The Minister noted “there can be a long lag between deterioration in asset maintenance and its impact on safety. Monitoring performance in this area will help the Regulator anticipate likely safety issues.”

The Service Reliability Division commenced research to identify how agencies similar to ITSRR use reliability data to predict safety.

**The Year Ahead**

**Customer survey**

Findings from the customer survey will be published in the first half of 2004.

**Monitoring and reporting on new rail and bus contracts**

ITSRR will monitor and report on new rail and bus contracts as they are implemented by the Ministry of Transport.

Photo courtesy of Taverners Research Company
3. Corporate Strategy Division

The Corporate Strategy Division plays a key role in developing and communicating the strategic direction of ITSRR and works to build an appropriate image that promotes the critical role ITSRR has in transport safety regulation.

The Division is responsible for legal, business strategy and communication functions that support strategic initiatives, policy formulation and decision making.

Accordingly it is structured into three main areas:

1. Legal Services
2. Business Strategy
3. Strategic Communications

Activities of Corporate Strategy Division during January to June 2004:

Legislation
The Corporate Strategy Division oversaw the introduction of legislation that established ITSRR.

Education and Awareness
ITSRR held a number of workshops with the rail industry to assist them to understand and meet its legal obligations. From these, the Executive Safety Seminar Series was developed, in response to needs identified through participant evaluations. The first of these Executive Safety Seminars entitled Crew Resource Management was conducted on 21 May 2004, with 70 participants.

Establishment of the ITSRR website
The ITSRR website was established in February 2004. The website provides up-to-date and relevant safety and reliability information to the community and accredited operators.

Strategic Co-ordination Across Modes
The Transport Regulators Executive Committee (TREC) is the forum through which ITSRR undertakes its strategic co-ordination role across rail, bus and ferry transport modes. Its members include the Chief Executive of ITSRR, Director General of the Ministry of Transport, Chief Executive Officer of Waterways Authority and the Chairperson of ITSRR’s Advisory Board who also serves as Chair of the Committee.

The Year Ahead

Review of Rail Safety Act - Legislative Review
The Transport Legislation Amendment (Safety and Reliability) Act 2003 established a new safety regulatory framework for the regulation of rail and other passenger transport services. A review of the effectiveness of these amendments is to take place early next year with a report anticipated to be tabled in Parliament towards the end of March 2005.

Performance Reliability Investigation Safety Management (PRISM)
The Performance Reliability Investigation Safety Management (PRISM) system will provide ITSRR’s corporate IT framework. It will enable ITSRR to conduct organisation-wide analysis of the different elements of transport safety and management information.
4. Business Services Division

The Business Services Division provides administrative, financial and human resource services required for ITSRR to operate effectively. The Division oversees employment conditions and personnel policies for all ITSRR staff and manages training requirements for staff.

Activities of Business Services Division during January to June 2004

Initial Training for Authorised Officers

The Rail Safety Act 2002 specifies the powers of Authorised Officers. These powers encompass compliance and enforcement activity.

A training program was developed to enhance the understanding of Authorised Officers and ensure consistency in the utilisation of these powers. The training was rolled out as part of a Certificate IV (in Government Statutory and Enforcement Compliance) Qualification. The course is delivered in three phases and up until 30 June two phases had been conducted. In Stage 1, 35 Transport Safety Regulator officers and one officer from Waterways and one from the Ministry of Transport attended. In Stage 2, 30 Transport Safety Regulator officers and one officer from Waterways attended.

As a result, ITSRR is better equipped to investigate breaches and issue notices under the Rail Safety Act. The training has provided a corporate capacity to understand the difference between the “just culture” investigation and the requirements on a regulator to gather evidence for a compliance investigation. Phase 3 of the training is scheduled for the end of October 2004.

The Year Ahead

The Business Services Division will be implementing a number of new initiatives to enhance ITSRR’s operations including a Professional Development Program, Performance Management Program, and Corporate Management System, together with supporting policies and procedures.
The Technical Panel provides specialist advice and guidance to ITSRR and OTSI.

Essentially, it acts as an internal consultancy performing services as required by the operational divisions of the two organisations.

Typical services include providing advice on technical aspects of accreditation issues or participation in technical inspections, audits, investigations, training or promotional activities. Panel members may identify systemic or strategic issues that need to be pursued from their contact with the industry, or in the course of providing their services.

The Technical Panel may be called upon to review reports from audits, investigations or performance monitoring. It also reviews changes in technical standards and processes. The response required may vary from a quick verbal opinion to a detailed technical report.
Introduction

OTSI undertakes investigations into serious rail, bus and ferry accidents and incidents and related transport safety issues. The purpose of an OTSI investigation is to identify what has occurred, why it has occurred and to recommend safety actions to rectify deficiencies and prevent recurrence of similar incidents. OTSI investigations do not seek to attribute blame, but rather establish the factors and sequences of events which have contributed to causing the incident. Ultimately, OTSI is concerned with the safety interests of the traveling public and the staff of public and private sector transport operators.

OTSI also manages a Confidential Safety Information Reporting Scheme (CSIRS) for employees of public passenger train, bus and ferry companies and freight rail operators. The Scheme enables employees to report information regarding safety occurrences and safety concerns they may be reluctant to report officially within their company, or where they have been unsuccessful in having previous internal reports addressed to their satisfaction. The guiding principles for the Scheme are that it is voluntary, confidential and non-punitive.

Activities of OTSI during January to June 2004

In its first six months of operation, OTSI’s focus has been on establishing its operational investigatory capability concentrating on policy and procedures, staffing, training, liaison, facilities, financial management and the conduct and review of investigations.

Policy and Procedures

Policies that govern the conduct of OTSI investigations and its relationships with regulators and public transport service operators have been established and implemented. Importantly, these have been set out in an Investigations Manual, together with an Emergency Response Plan and Standard Operating Procedures for the Transport Investigation Control Centre.

Staffing

The Chief Investigator was appointed in late January and a recruiting campaign was launched to fill the remaining permanent positions. The two manager positions were filled in May and interviews for the four vacant investigator positions were conducted in May. When the Office’s staffing is complete, it will consist of a body of professional investigators with previous experience in the rail industry, civil aviation safety, maritime safety, occupational health and safety, police and the Australian Defence Force.

Training

Although it will have a complement of experienced investigators, OTSI has already instituted a program of ongoing professional development for all investigators and is providing cross-modal training for its officers. In addition, the Office has conducted two courses in Human Factors and Investigation Techniques for safety staff of transport operators to ensure there is understanding of the OTSI investigatory approach across the public transport service sector.

Liaison

Considerable time has been invested in introducing industry and relevant agencies to the role
and function of OTSI. Information sessions have been conducted to highlight the relationship between OTSI and ITSRR and to explain the nature of “just culture” investigations. Consultation and negotiation has commenced with transport service providers, Police, WorkCover and emergency service organisations to establish protocols for operational procedures at investigation sites. Contact has also been made with relevant unions to explain OTSI’s responsibilities, particularly in relation to CSIRS.

Investigations

Throughout this establishment period, OTSI has attended to its primary business of conducting accident and incident investigations and reviewing those investigations conducted by operators. Approximately 300 incidents are referred to OTSI each month. Of these, the table above summarises the matters appropriately forming investigatory work of the Office for the six months to 30 June 2004:

Investigations carried forward from the former Transport Safety Bureau and completed by OTSI .......................... 3

Investigations initiated by OTSI
Rail ........................................................................................................... 5
Bus .......................................................................................................... 2
Ferry ....................................................................................................... 3

Investigations undertaken by operators and reviewed by OTSI
Rail ......................................................................................................... 25

CSIRS Reports received, reviewed and action completed
Rail ......................................................................................................... 25
Bus ......................................................................................................... 6

CSIRS Safety Valve Notifications issued
Rail ......................................................................................................... 16
Ferry .................................................................................................... 1

Investigations Database

Since its establishment, OTSI has collaborated with ITSRR’s Business Strategy Unit to establish an investigation management database. This database has been populated with investigation reports completed by rail operators since September 2002 and continues to be populated as further reports are received. In addition, investigation reports completed by OTSI are included in the body of data within the database. To further support systemic safety investigations, a classification system identifying the systemic causes of accidents or incidents, has been incorporated into the investigation management database.

2 The matters not investigated by OTSI may be referred to other agencies for investigation or may be of a minor or not significant nature that do not warrant investigatory action.
The Year Ahead

In the coming year, OTSI will concentrate on validating its processes and procedures and focus on identifying those safety issues which are indicators of systemic problems in any of the three public transport sectors for which it has investigatory responsibility. Where necessary, investigations into systemic safety deficiencies will be initiated. The primary concern will be in contributing to risk minimisation and ensuring a safe environment for the travelling public.

To complement this primary purpose, OTSI will continue to build its professional relationships with industry and related agencies; enhance the individual skills and competencies of its investigators; contribute to reinforcing a safety culture in the public transport sector through industry seminars and conferences and develop its accident investigation database to facilitate reliable trend analysis.

The year ahead promises to be one of consolidation and influence as OTSI’s function is recognised and accepted as a positive force in serving public safety interests.

Case study

**The Confidential Safety Information Reporting Scheme (CSIRS)**

CSIRS is increasingly providing an insight to employee safety concerns within the rail industry and to a lesser extent within the bus and ferry sectors. The following report is an example of the issues that are reported through CSIRS.

This CSIRS report was received by telephone. The reporter advised the following:

*At a suburban station, while en route to the City Circle, the driver noticed that the train radio was not automatically changing area codes. The driver was concerned that he may not be able to communicate quickly in the event of an emergency.*

*The driver directed the guard to report the problem to Operations Control using the guard’s company supplied mobile telephone.*

*The reporter claimed that in such cases, the train is required not to continue in service and is to be transferred without passengers to a maintenance facility. The driver stated that when he contacted Operations Control, he was directed to continue in service to another suburban station. The driver refused to operate the train under those circumstances. After approximately 10 to 15 minutes of “stand off”, the driver was able to transfer the train without passengers to a maintenance facility.*

Upon receipt, the report was entered into the CSIRS database. The reporter’s identity was recorded in a restricted area of the database.

All CSIRS reports are subject to an initial inquiry that seeks to verify the substance of the report and to determine the most appropriate place to direct the concern. This could be the operator or the relevant regulator.

A *Safety Valve Notification* is used to seek comment from the appropriate organisation. *Safety Valve Notifications* include the reported occurrence, specific areas of interest to OTSI and a request for the matter to be investigated and the findings, together with details of any corrective action that the operator or regulator intends to take, to be advised to OTSI.
In a number of instances, it is not possible for an organisation to provide meaningful comment on a CSIRS report without providing information that may lead to the disclosure of the identity of the reporter. For this reason, Safety Valve Notifications are generally formulated in consultation with the reporter.

In this instance, the matter was referred to the operator for comment. The operator’s response included the following detail:

Following receipt of this response, it was assessed for completeness by OTSI.
The reporter was then advised of the response and action taken by the responsible organisation and a summary report was prepared for publication on the OTSI web site.

The operator agreed that a train with a defective radio is to be taken out of service as per protocols in train working rule NTR 410 titled Defective Equipment and the minimum standards as described by Train Operations Manual OMET 200.

To prevent recurrence, train radio minimum standard protocols were issued to train control personnel, including mechanical controllers, advising of the correct procedure when a defective radio is reported.

Additionally, Passenger Fleet Maintenance undertook the following action:

- Required that all train radios be checked to ensure that the latest hardware is presently in use. To date approximately 12.5% of train radios have been checked.
- An Engineering Instruction EI 204 was re-issued. This included instructions on how to check the under-train transponder\(^3\) to ensure it is working correctly.
- A Train Radio Reliability Project was set up. A key element of this Project is the comprehensive testing and evaluation of the performance, reliability and integrity of the MetroNet area code signalling system scheduled to be completed by the end of a specified period this year.
- Improved fault reporting is being carried out by Siemens to identify failure trends.
- Spare parts holdings are being revised with a view to increase the number of spare interrogator units.

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\(^3\) The unit that takes the signal from the track mounted transponders to automatically change the train radio area codes.
ITSRR Organisational Structure

Minister for Transport Services

Chief Executive
Carolyn Walsh
BEC

Advisory Board

Chairperson

Chief Investigator
Office of Transport Safety Investigation
Paul O’Sullivan, AM, MBE
BA, MA, MBA, FAICD, FAIM

– Investigations
– Confidential Safety Information Reporting Scheme
– Accident / Incident Trend Analysis
– Monitoring national and overseas transport safety accidents and investigations

Executive Director,
Transport Safety Regulation
Kent Donaldson
BEC, BSc, BSc (Eng)

– Safety policy/strategy
– Accreditation
– Audit and Compliance
– Safety Data Analysis
– Safety Projects
– Monitoring industry trends
– Reviewing implementation of investigation reports

Executive Director,
Corporate Strategy
Natalie Pelham
BSc (Hons), DipRT, MSc & Soc

– Legislation
– Prosecutions
– Corporate Planning and Reporting
– Communications
– Corporate Counsel
– IT System Development
– Industry Dispute Resolution

Executive Director,
Service Reliability
Simon Foster
GDipMgt, L&ESDCert

– Advice on service standards
– Monitor performance
– Benchmark performance
– Customer Charter
– Customer Surveys
– IPART Submissions

Executive Director,
Business Services
Paul Harris
BCom

– Human Resources
– Finance
– Organisational Development
– IT Support
– Records Management

Director,
Technical Panel

– Human Factors
– Operations / Safeworking
– Structures
– Track / Civil
– Rolling Stock
– Signals / Electrical
– Performance Reporting

Executive Director,
Corporate Strategy
Natalie Pelham
BSc (Hons), DipRT, MSc & Soc

– Advice on service standards
– Monitor performance
– Benchmark performance
– Customer Charter
– Customer Surveys
– IPART Submissions

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– Operations / Safeworking
– Structures
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– Rolling Stock
– Signals / Electrical
– Performance Reporting

Chair

– Investigations
– Confidential Safety Information Reporting Scheme
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Office of Transport Safety Investigation
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Director,
Technical Panel

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– Operations / Safeworking
– Structures
– Track / Civil
– Rolling Stock
– Signals / Electrical
– Performance Reporting
RAIL SECTOR

Introduction
The NSW Rail Safety Act 2002 covers all railway operations in NSW, including:

- metropolitan and regional rail passenger services;
- light rail and monorail passenger services;
- rail freight services;
- manufacturers and maintainers of rail infrastructure and rolling stock; and
- recreational and heritage railway operators and railway museums.

Rail Infrastructure
Rail infrastructure refers to track, bridges and supporting structures, tunnels, overhead wiring, signalling, communication and train control systems.

There is 9,782 km of track and associated infrastructure in NSW. 1,760 km of this track is electrified, and carries passengers in the metropolitan area. This part of the network is owned by RailCorp, a State Owned Corporation (SOC). The balance in the non-metropolitan area of NSW is owned by another SOC, Rail Infrastructure Corporation.

During the period January to June 2004, the Government was negotiating to lease part of the non-metropolitan network to a Commonwealth owned corporation, the Australian Rail Track Corporation (ARTC). ARTC is expected to enter into a lease for the main interstate lines and the Hunter Valley coal haulage rail lines in late 2004. The remainder of the country rail network will remain the responsibility of the Rail Infrastructure Corporation.

Traffic on the metropolitan rail network is supervised through the Rail Management Centre at Central Station. The Rail Management Centre manages a number of control groups, comprising Train Control, Mechanical Control, Security Control, Passenger Information, Station Operations Coordinator, Train Crewing Coordinator, and the Rail Infrastructure Corporation Coordinator.

Rail Passenger Services
RailCorp also provides:

- passenger rail services in the greater Sydney metropolitan region through its CityRail business unit; and
- long distance country passenger rail services through its CountryLink business unit.

In 2002/03, CityRail’s fleet of over 1,500 carriages carried some 273.4 million passenger journeys. Each weekday CityRail operates almost 3,000 services and carries over 900,000 passenger journeys, including about half of all persons travelling to the Sydney central business district during peak hours.
In 2002/03, CountryLink’s fleet of 102 carriages carried some 2.1 million passenger journeys on 158 services per week.

CityRail and CountryLink employ 9,733 staff, including 2,532 station staff, 1,428 drivers, 1,072 train guards, 1,503 frontline staff, 750 trade staff, 580 signallers and shunters, 530 transit officers and security personnel and 520 cleaners. Other staff include managerial and administrative personnel.

**Light Rail and Monorail Passenger Services**

Outside of the NSW network, but covered by the Rail Safety Act are light rail and monorail services. They operate relatively small numbers of passenger journeys in comparison with the heavy rail network.

Light rail is privately operated and consists of around seven kilometres of track and 14 stations in inner Sydney. It carries around 3.7 million passenger journeys per annum. The Sydney central business district also has a privately operated monorail loop with eight stations. It carries around 2.9 million passenger journeys per year.

**Rail Freight Services**

Rail freight services operating in NSW include carriage of general freight between major metropolitan and regional centres within NSW and interstate, and the transport of agricultural and mineral products to manufacturing and port facilities.

In 2002/03 about 41.6 billion gross tonne kilometres of freight was carried. This includes:

- 75.7 million tonnes of coal delivered to port at Newcastle from coal mines in the Hunter Valley; and
- the equivalent of 255,000 twenty-foot containers handled by the Port Botany Freight terminal.

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4 All freight data drawn from Rail Infrastructure Corporation Annual Report 2002/03.
There are 18 accredited operators carrying freight on the NSW rail network, including:

- rail freight companies which carry a wide range of types of freight for a variety of clients, such as Pacific National, Freight Australia, Interail and Lachlan Valley Rail Freight;
- industrial companies which operate railways to support their manufacturing and distribution activities, such as GrainCorp, the Manildra Group, Blue Scope Steel, One Steel and Blue Circle Southern Cement.

Manufacturers and Maintainers of Rail Infrastructure and Rolling Stock

The definition of “railway operator” in the Rail Safety Act also includes organisations that manufacture or maintain railway tracks, other rail infrastructure and rolling stock.

In 2003/04 there were 23 accredited infrastructure and rolling stock manufacturers and maintainers.

In addition, accredited passenger and freight railway operators also include track fabrication and rolling stock maintenance operations. RailCorp (formerly RIC) operates several significant infrastructure and rolling stock maintenance facilities including:
• Rolling Stock and Fabrication Centre (Goulburn); and
• Rail Fabrication Centre (Bathurst).

Accredited Infrastructure Contractors

Construction of new rail tracks and maintenance and upgrading of rail track, sidings and signalling systems is undertaken by a range of contractors and subcontractors to RailCorp and RIC.

Current major infrastructure projects include the Chatswood-Epping rail link (Thiess Hoctief Joint Venture). In May 2004, RailCorp announced a significant upgrading of the CityRail network including duplication and turnaround loops, to improve service reliability.

About 10 railway infrastructure contractors are accredited under the Rail Safety Act 2002, including:

• major civil construction and engineering contractors such as John Holland Pty Ltd, Barclay Mowlem Construction Ltd, specialist engineering contractors such as Alstom Transport Australia Ltd and Westinghouse Signals.

Private sector operators of railway stations are also required to be accredited.

These include:

• Airport Link Pty Ltd – operates stations on the rail lines to Sydney domestic and international airport terminal; and
• Star City Pty Ltd - maintains the light rail station at Star City Casino.

Accredited Rolling Stock Contractors

Several manufacturers and maintainers of rolling stock are also accredited under the Rail Safety Act 2002, including:

• major manufacturers Goninan Ltd (Newcastle) and EDI Rail Ltd (Bathurst);
• rolling stock suppliers and lessors such as Chicago Freight Car Leasing; and
• rolling stock maintainers and refurbishers such as Bradken Rail (Mittagong).

Recreational and Heritage Railway Operators

The Rail Safety Act 2002 also regulates a range of recreational and heritage railway operators in NSW.

These include:

• the Zig Zag Railway near Lithgow;
• 3801 Ltd which operates regional rail tours in heritage carriages;
• the Perisher Blue Resort “Skitube” service; and
• the Powerhouse Museum and various regional railway museums.
BUS SECTOR

Introduction

The bus industry comprises both privately owned operators and the Government’s State Transit Authority (STA). Generally, private operators service western and outer metropolitan Sydney, Wollongong, regional centres and country towns. STA operates services in inner and eastern Sydney, the northern beaches and Newcastle. STA also operates services on the Liverpool/Parramatta Transitway by means of a subsidiary corporation – Western Sydney Buses. STA also receives Community Service Obligation (CSO) payments from the Government in return for providing concession fares and for services above the minimum service level.

Legislative Framework

Public passenger bus services are regulated under the Passenger Transport Act 1990, which establishes an economic regulatory regime for the provision of regular passenger bus services. In addition, like all road users, bus operators are subject to legislation which is administered by the Roads and Traffic Authority of NSW (RTA) as the principal road safety regulator.

A regular passenger bus service is one which is conducted according to regular routes and timetables, but does not include long distance services (a long distance service is one in which all passengers are conveyed more than 40 kilometres). The service contract regime does not apply to tourist services and charter services.

The legislative framework comprises two key elements:

- operators of all categories of bus services must be accredited by the Director General of the Ministry of Transport, and
- regular passenger bus services may only be operated under the authority of a service contract between an accredited operator and the Director General of the Ministry of Transport.

Until recently, the legislation set up two types of contracts: “commercial” and “non-commercial contracts”. Under a commercial bus contract, the principal source of an operator’s revenue is the fare-box. A commercial service contract may provide for either a designated region or a designated line of route, and must grant the respective operator the exclusive right to provide the contracted services in that region or along that route, as the case may be. This model resembles a “franchise” arrangement.

Under a non-commercial contract, bus operators are contracted for a fixed price to provide the contracted services in a region or along a line of route. In practice these services are only entered into in country areas for a “village to town” type service where a commercial service is not viable. Such services are generally provided to enable school student travel (although the services can be used...
by non-students) and consequently funding for such services is derived from the Ministry of Transport’s School Student Transport Scheme (SSTS), in accordance with a funding model based on specified eligibility criteria for student participation.

Both commercial and non-commercial contract models incorporate specified minimum service levels which apply to the contracted services.

**Bus Reform**

Substantial reform of the bus service regime is now underway following the Government’s response to the *Review of Bus Services in New South Wales* (Unsworth 2004).

This review noted the existence of issues with the current bus contracting model and the lack of reliable information on operator performance. The Audit Office had also indicated that the then Department of Transport could not give adequate assurance that operators were complying with standards and contract conditions. There have also been criticisms of inequity in the metropolitan area, particularly in relation to fares and concessions where private bus passengers faced higher fares than STA passengers.

The Government accepted the substance of the Report’s recommendations and the necessary amending legislation took effect from July 2004.
In relation to ITSRR’s reliability monitoring function, the relevant reforms are:

- **new performance measures:** contracts are to include new operational performance measures including, for example, punctuality in relation to road traffic congestion and skipped stops, and a service quality index relating to customer perceptions;

- **performance based incentives** to be included in new contracts. This will start as a small amount, based on the achievement of benchmark service performance levels (currently being negotiated with bus operators);

- **reporting systems:** performance based incentives will require more rigorous and robust reporting by bus operators to the Ministry. The Ministry is working with bus operators to establish the necessary operational systems and processes, including the use of newer technology, and on setting targets and benchmarks; and

- a **progressive rollout** of change commencing with metropolitan contracts by January 2005, followed by regional contracts.
FERRY SECTOR

Introduction

Carrying around 14 million passengers per annum, Sydney Ferries is the main provider of regular passenger ferry services on Sydney Harbour. Sydney Ferries also operates services in Newcastle, while a range of regular passenger ferry services are provided by private operators in areas such as Sydney Harbour, the Parramatta River, Port Hacking and the Clarence River.

Legislative Framework

As with bus services, public passenger ferry services are regulated under the Passenger Transport Act 1990, which establishes an economic regulatory regime for the provision of regular passenger ferry services. In addition, like all waterway users, ferry operators are subject to the marine legislation, which is administered by the NSW Maritime Authority as the principal marine safety regulator.

Again, as with regular bus services, a passenger ferry service is one which is conducted according to regular routes and timetables, but does not include a long distance service.

5 Sydney Ferries was a division of STA until 30 June 2004 when it was established as a separate State Owned Corporation.
Contents

1. Introduction ........................................................................................................... 39
2. Rail Safety Statistics ............................................................................................. 40
3. Major Rail Incident Investigations and Inquiries ................................................. 48
4. New Rail Safety Standards .................................................................................. 51
5. Significant Rail Industry Safety Initiatives .......................................................... 54
1. INTRODUCTION

The Rail Safety Act 2002 (section 62) requires the Independent Transport Safety and Reliability Regulator (the ITSRR) to submit an annual industry safety report to the Minister for Transport Services. The report is to be tabled in both Houses of Parliament within 28 days of being submitted to the Minister.

This Rail Industry Safety Report 2003/04 includes:

• rail safety statistics for 2003/04, with comparisons to performance in previous years (Section 2);
• the outcomes of investigations and inquiries into rail safety incidents conducted during 2003/04 (Section 3);
• a summary of changes to rail safety legislation and standards implemented during 2003/04 (Section 4); and
• details of significant industry-wide safety initiatives undertaken during 2003/04 (Section 5).

This report is available on the ITSRR website www.transportregulator.nsw.gov.au

Disc copies of the report can be obtained by contacting ITSRR Telephone: (02) 8263 7100 or Email: contact@transportregulator.nsw.gov.au
2. RAIL SAFETY STATISTICS

2.1 Introduction

Accredited railway operators are required to notify ITSRR of a range of safety incidents.

In practice, the majority of incidents occurring on the NSW rail network are reported to ITSRR through the RailCorp Rail Management Centres and regional train control centres.

The statistics presented in this report are collated from these incident notifications, including those concerning incidents occurring on private rail lines and yards, which are reported direct to ITSRR.

To assist in identifying trends in safety performance, data has been provided for the previous 10 years for most high level indicators.

However, it should be recognised that trends in the data may reflect changes in reporting definitions and practices, rather than actual changes in safety performance.

As well, it should also be noted that due to differences in incident classification systems and reporting definitions, the data produced in this report may appear to differ from NSW data published elsewhere.

ITSRR is reviewing the current systems for classifying incidents to identify possible improvements which may produce better quality and more accurate safety performance data. This includes developing an incident classification system which identifies causal factors and working with other rail regulators and the Australian Transport Safety Bureau to develop nationally consistent rail safety data.

To complement incident-based performance data, ITSRR is conducting research on positive safety performance measures for rail safety, including measures of the effectiveness of management practices which are intended to prevent serious incidents. These include attitudinal survey-based measures of “safety culture”.
2.2 Fatalities

There were 29 fatalities on NSW railways during 2003/04. For data recording purposes, fatalities are separated into categories for:

- persons trespassing on railway tracks or property;
- railway passengers;
- members of the public; and
- employees and contractors of railway operators.

Figure 1 indicates the numbers of deaths in each category for the 10 years ending 2003/04.

**Trespassers**

The single most common type of fatality is trespassers on railway tracks being struck by trains. In most cases, trespasser fatalities occur in metropolitan areas at night.

During 2003/04, 18 persons were killed after being struck by trains while trespassing on railway tracks. Determination of the cause of death, particularly whether accidental or suicide, is in the jurisdiction of the Coroner’s Court of NSW.

There were a further three trespasser fatalities in 2003/04, including one person who jumped onto tracks from a bridge, one person electrocuted while allegedly stealing property from a storage compound and one person found unconscious near tracks, however his death appeared unrelated to trains or train infrastructure.
Passengers

During 2003/04 four passenger fatalities were reported.

<table>
<thead>
<tr>
<th>Date</th>
<th>Location</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>11 September</td>
<td>Schofields</td>
<td>An elderly man suffered a heart attack on a station platform.</td>
</tr>
<tr>
<td>1 January</td>
<td>Sutherland</td>
<td>A male passenger died of severe burns after allegedly attempting to climb onto the roof of a carriage.</td>
</tr>
<tr>
<td>6 February</td>
<td>Gosford</td>
<td>A passenger stumbled and fell on the platform while alighting from a train.</td>
</tr>
<tr>
<td>7 March</td>
<td>Normanhurst</td>
<td>A male passenger fell from a platform and was struck by a train.</td>
</tr>
</tbody>
</table>

Public Fatalities

During 2003/04 there were three fatalities at level crossings. Two cases involved pedestrians who were observed proceeding across the tracks despite warning bells and boom gates. The third case involved a collision between a car and a train, which resulted in the death of the driver and sole occupant of the car, and numerous minor injuries to passengers on the train.

<table>
<thead>
<tr>
<th>Date</th>
<th>Location</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>23 August</td>
<td>Woonona</td>
<td>A woman was struck by a train at a level crossing.</td>
</tr>
<tr>
<td>11 April</td>
<td>Adamstown</td>
<td>A woman was struck by a train at a level crossing.</td>
</tr>
<tr>
<td>4 May</td>
<td>Baan Baa</td>
<td>A woman was killed when the car she was driving was hit by a train at a level crossing.</td>
</tr>
</tbody>
</table>

Railway Employees and Contractors

Two employee fatalities were reported in 2003/04.

<table>
<thead>
<tr>
<th>Date</th>
<th>Location</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 June</td>
<td>Hornsby</td>
<td>A male employed as a CCTV operator was found dead by a co-worker after an apparent heart attack.</td>
</tr>
<tr>
<td>20 June</td>
<td>Hexham</td>
<td>A male track maintenance employee was killed in a car accident while travelling between two worksites.</td>
</tr>
</tbody>
</table>
2.3 Serious Injuries

Injuries occurring on railways are classified into one of three categories:

- **Class 1** – an injury which permanently alters the future of the individual. For example, disabled back, loss of limb;
- **Class 2** – an injury which for the short term alters the future of the individual. For example, normal lost time accident such as broken limb, from which the individual fully recovers; and
- **Class 3** – an injury which inconveniences the individual. For example, minor cuts.

**Figure 2** indicates the number of class 1 and 2 injuries reported over the last 10 years. This uneven trend may reflect changes in the levels of reporting or the coding of injury reports.

Thirteen class 1 injuries were reported on NSW railways in 2003/04. The majority of serious injuries were incurred by trespassers on railway tracks being struck by trains and suffering amputated limbs and severe head and internal injuries.

Thirty-five class 2 injuries were reported in 2003/04. About two-thirds of these were injuries to passengers. The most common causes of class 2 injuries were falls on station platforms, stairways and on trains. These resulted in injuries to 13 persons in 2003/04, including broken and fractured arms, legs and ankles.

Other reported class 2 injuries included:

- various injuries to trespassers due to falls on tracks or from fences;
- two cases of eye injuries due to windows being broken by vandals;
- three passengers received a range of minor head injuries due to falls after a train exceeded speed limits at Blacktown; and
- a man received head injuries after being struck by a train at a level crossing.

---

*6 Rail Infrastructure Corporation, Safety Incident Database Coding Specification, June 2002 Version 4.0.*
During 2003/04 a total of 870 minor injuries were reported. Ninety-eight per cent of minor injuries were incurred by passengers. These were generally abrasions and sprains caused by falls on platforms and stairways, and falls while boarding or alighting from trains.

2.4 Collisions

Collisions include a wide range of incidents where two or more bodies come into contact unintentionally, including collisions between:

- two trains or two track maintenance machines;
- trains and railway infrastructure, such as platforms, overhead wiring, signals or signs;
- trains and obstructions on the track, including animals, trees, rocks and maintenance equipment; and
- cars and railway infrastructure, such as boundary fences.

Figure 5 indicates the number of reported collisions over the last 10 years. There has been a gradual downward trend in the number of collisions during this period. In 2003/04 131 collisions were reported on NSW railways.
The most common types of collision in 2003/04 were:

- collisions between trains and animals, such as cattle, kangaroos and horses (30%);
- collisions between trains and railway infrastructure (19%) – these are generally the result of unsecured doors and freight loads striking signals, signs and platforms;
- collisions between trains and obstructions on the track such as trees and rocks (15%); and
- cars and maintenance equipment colliding with railway boundary fences and other railway infrastructure (18%) – these were generally minor collisions, only one case involved injuries to track machine crews.

**Figure 6** indicates breakdown of 2003/04 collisions by type of collision.

There were 13 collisions between trains in 2003/04, which included:

- trains colliding during shunting operations (six incidents);
- collisions between track maintenance machines (two incidents);
- loose freight wagon ties and doors colliding with passing trains (three incidents).

These were generally minor collisions, which only in one case involved injuries to the driver of a track machine.

There were 10 collisions between trains and cars at level crossings during 2003/04. These resulted in one death and two cases of serious injury.
2.5 Derailments

Derailments include any incident where one or more wheels of a passenger or freight train or track maintenance machine, lift clear of the track. However, derailments occurring as a result of a collision are recorded as collisions.

During 2003/04, there were 149 derailments on NSW railways.

No deaths or serious injuries were incurred as a result of derailments in 2003/04.

Figure 7 indicates the number of reported derailments over the past 10 years. This indicates a steady fall in the number of derailments.

Figure 8 indicates the breakdown of derailments that occurred in 2003/04 by type of operator. This indicates that most derailments occur to freight trains (114 or 76%), with smaller numbers of derailments affecting track maintenance vehicles (24 or 16%) and passenger trains (11 or 7%).

Most derailments whether affecting track vehicles, freight or passenger trains occur in yards or sidings.

The major reported causes of derailments were:

- incorrectly set points (36);
- track defects, including spread and broken rail and defective points (27);
- shunting irregularities (22); and
- obstructions on the track (16).
2.6 Fires

There were 311 fires reported on trains and railway property in 2003/04. This includes fires on trains, at train stations and on or beside track.

Figure 9 indicates the number of reported fires over the last 10 years, by the type of fire. This shows that most types of fires have been relatively stable, but that there has been a significant increase in the number of “environmental fires”, which is largely due to increases in bushfires.

No deaths or serious injuries occurred as a result of railway fires in 2003/04.

Analysis of fires occurring in 2003/04 by the reported cause of the fire indicates that the leading causes were:

• natural causes (194 or 62%);
• vandalism (62 or 20%); and
• equipment failure (30 or 10%).
3. MAJOR RAIL INCIDENT INVESTIGATIONS AND INQUIRIES

3.1 Waterfall Rail Accident

On 31 January 2003 a CityRail passenger train derailed and crashed into a rock wall about 2kms south of Waterfall station\(^7\). The train driver and six passengers were killed and other passengers suffered various injuries.

The NSW Government appointed retired judge, the Hon Peter McInerney to conduct a Special Commission of Inquiry into the causes of the accident and the adequacy of passenger rail safety management systems generally. The Hon Peter McInerney had previously led the Inquiry into the 1999 train collision at Glenbrook, which resulted in seven deaths.

On 15 January 2004, the Waterfall Commission released its Interim Report on the causes of the accident. These included:

- the train driver suffered a sudden unexpected heart attack;
- the train’s guard was not adequately trained to respond to emergencies and was suffering from fatigue;
- the train’s deadman systems, which should have prevented an accident in the event of driver incapacitation, were ineffective;
- the train had no other protective or preventative devices (such as driver alertness or vigilance systems) to prevent accidents in the event of driver incapacitation; and
- that State Rail Authority had knowingly permitted the use of trains with ineffective deadman systems, which was evidence of a generally weak and reactive safety culture.

In addition, a separate technical investigation conducted by the Ministry of Transport (Waterfall Accident Rail Safety Investigation) was released in conjunction with the Commission’s Interim Report. This investigation identified serious deficiencies in State Rail’s communications and emergency response systems. These resulted in unnecessary delays in identifying that the accident had occurred and in the mobilisation and coordination of emergency services.

The findings of the Commission and the Rail Safety Investigation have been accepted by the NSW Government and have resulted in a number of industry-wide safety initiatives which are outlined in chapters 5 and 6 of this report.

In the first half of 2004, the Commission continued to conduct hearings and commission expert reviews of State Rail Authority’s (since renamed RailCorp) safety management systems and the role and capacity of the Independent Transport Safety and Reliability Regulator. The final report of the Commission is expected to be released in October 2004.

\(^7\) The Waterfall accident occurred during the previous reporting year. Therefore, the statistics quoted above for 2003/04 do not include Waterfall-related fatalities and injuries.
3.2 NSW Underbridges Structural Safety Review

The Ministry of Transport published the *NSW Rail Underbridges Structural Safety Review Interim Overview Report* in August 2003. The review was initiated following the temporary closure of the 140 year old bridge over the Nepean River on the Main South rail line at Menangle in March 2003 due to concerns about its structural integrity.

The objective of the review was to examine the effectiveness of the systems and processes used by the Rail Infrastructure Corporation to ensure rail underbridges were maintained in a safe condition.

The review examined a sample of wrought iron, steel, timber and masonry underbridges including bridges identified as having safety critical structural issues. Independent consultants were engaged to review pre-existing risk assessments and reports on engineering examinations previous remedial work, and undertake field inspections.

There are approximately 34 wrought iron underbridges, 950 steel underbridges, and 718 timber underbridges in NSW, many or which are over 100 years old. The review found that a number of bridges are showing advanced signs of deterioration and are being load-managed by the application of speed and weight restrictions.

The review report recommended that RIC:

- identify the standards to which bridges are to be maintained and the process by which bridge maintenance tasks are prioritised;
- ensure that decisions about maintenance, refurbishment and replacement of bridges are approved by a formally qualified and competent structural engineer;
- develop serviceability standards for all bridges which clearly define the requirements by which bridge structures are certified safe according to actual bridge conditions and the required operating regime; and
- develop and implement a comprehensive bridge management system to support decisions on bridge structural integrity, maintenance and replacement.

3.3 Final Report into Bargo Rail Accident

In August 2003, the Ministry of Transport published the final report into a derailment and collision at Bargo in the NSW Southern Highlands, on 1 August 2002.

The incident involved the derailment of two wagons of a train unloading ballast (blue metal used to support sleepers) during a track maintenance operation. A CityRail passenger train travelling at approximately 30km/h in the opposite direction on the adjacent track subsequently collided with one of the derailed wagons. No persons were injured and minor damage was incurred to both trains.

The final report of the incident included recommendations addressing the following issues:

- project planning and risk management of ballast operations, including provision of adequate lighting for ballast operations at night and adequate communication systems;
- ballast train and “push-pull” train operational procedures, including a prohibition on trains reversing over unploughed ballast and changes to ballast wagon design to enable personnel to readily identify derailed wagons;
- training of inter-city passenger train drivers to ensure drivers are aware of human factors that may affect their work performance; and
training of all rail safety workers in communication and incident response procedures and crew resource management principles.

The Ministry monitored the implementation of the report’s recommendations by State Rail and RIC.

3.4 Level Crossing Collision – Baan Baa 4 May 2004

At approximately 5.10 pm on Tuesday 4 May 2004, a CountryLink Explorer passenger train collided with a car on the Calloola Road level crossing at Baan Baa, in northwest NSW. The two carriage train was carrying 33 passengers and three crew members at the time of the collision.

As a result of the incident the driver of the car was killed and four passengers on the train sustained injuries requiring hospitalisation. Several other passengers were provided with on-site first aid treatment.

The Calloola Road level crossing is classified as a “passive” level crossing. It has standard stop signs, but no vehicular traffic lights or boom gates. The train approached the crossing at an estimated speed of 140 km/h.

The train driver reported that he observed a white car approach the crossing and stop. The train driver activated the train horn since it appeared the car was encroaching on the crossing. Preliminary analysis of the data logger indicated the train was approximately 500m or about 11 to 12 seconds from the crossing at this time.

The car was then observed to move forward onto the centre of the crossing. The train driver then activated the horn for a continuous period of about six seconds and activated the emergency brake, after which the train collided with the car.

The train continued to travel for approximately 250m before the leading carriage derailed and rolled onto its right side. The second car remained on the tracks and upright. Minor damage was sustained to the tracks.

The incident is subject to a Coronial Inquiry and investigation by OTSI.
4. NEW RAIL SAFETY STANDARDS

4.1 Nationally Consistent Railway Operator Accreditation Standards

During 2003/04, a review of railway operator accreditation requirements was conducted by the National Rail Regulators’ Panel in consultation with peak national operator group, the Australasian Railways Association.

The objective of the review was for all states and territories to implement nationally consistent accreditation requirements and approval processes. This is intended to result in improved safety standards and reduced compliance costs for interstate operators.

ITSRR was the lead agency for this review, which involved developing draft proposals for industry consultation, and revising the proposals in light of submissions received from other regulators and industry stakeholders.

The National Rail Safety Accreditation Package was circulated for industry comments in April 2004. The Package included:

- draft guidelines for railway operator risk and safety management systems;
- draft model processes for the review, approval and variation of operator accreditation by state and territory regulators, and for mutual recognition of accreditation approvals and variations; and
- draft guidelines for annual safety reports that all accredited operators would be required to submit to regulators.

Following the close of the industry consultation period on 31 May 2004, the package was revised to reflect comments received. The revised Package will be circulated for a second industry comment period before being submitted to state and territory Transport Ministers late in 2004 for formal approval.

4.2 National Standard for Health Assessments

In response to the findings of the Special Commission of Inquiry into the Waterfall Rail Accident, ITSRR fast-tracked the implementation of new nationally consistent standards for railway workers.

During 2003/04 the National Transport Commission developed a National Standard for Health Assessment of Rail Safety Workers. The National Standard was formally endorsed by all Transport Ministers at the meeting of the Australian Transport Council on 30 April.

NSW adopted the Standard under the Rail Safety (General) Regulation 2003. Accredited rail operators were given until 30 June 2004 to prepare their material change applications in respect of their implementation of the Standard.

Under the Standard, railway operators must assess their employees’ tasks to determine what type and frequency of health assessments are required (see Table).
In NSW, all Category 1 health assessments must be undertaken by 31 December 2005, and Category 2 health assessments by 30 June 2006, unless ITSRR has approved a variation to this timeframe.

<table>
<thead>
<tr>
<th>Worker’s Category</th>
<th>Type and Frequency of Health Assessment</th>
</tr>
</thead>
</table>
| 1. High Level Safety Critical                          | Comprehensive physical and psychological assessment including screening for cardiovascular disease:  
  – workers whose sudden incapacity could result in serious safety incident  
  • every five years to age 50,  
  • every second year to age 60,  
  • every year after age 60 |
| 2. Safety Critical                                     | Comprehensive physical and psychological assessment:  
  – workers whose ill-health could lead to a serious safety incident  
  • every five years to age 50,  
  • every second year to age 60,  
  • every year after age 60 |
| 3. Around the Track Personnel in Uncontrolled Environment | Assessment of hearing, vision and mobility every five years after age 40 |
| 4. Around the Track Personnel in Controlled Environment | No health assessment required                                               |

The ITSRR conducted a series of industry briefings for operators and union representatives, and briefings for authorised health professionals, to assist them in meeting their obligations under the Standard.

### 4.3 Drug and Alcohol Program Guidelines

In September 2003 new guidelines for railway operator drug and alcohol programs were issued, after an extensive period of industry consultation.

At the same time, the regulations concerning drug and alcohol (D&A) testing were revised to provide for random drug testing as well as random alcohol breath tests.

The D&A Program Guidelines require railway operators to consult with employee representatives in development and implementation of:

- information and training programs for workers and supervisors on identifying and controlling drug and alcohol related safety risks;
- rules prohibiting drug and alcohol use at work and requiring the reporting of prescription drug use which affects safety;
- adequate D&A testing programs, including random, post-incident and “reasonable suspicion” or “for cause” testing;
- support and counselling programs for workers who self-identify a drug or alcohol related problem; and
- disciplinary procedures for workers who breach D&A rules, including failing or refusing to undergo tests.
The regulations set out acceptable standards for alcohol breath analysis and urine drug testing procedures and create offences for undertaking safety-sensitive work while under the influence of drugs or alcohol.

To enable effective monitoring of railway operator D&A programs, ITSRR has:

- introduced requirements for operators to report positive and refused tests and provide quarterly reports on D&A testing statistics;
- developed checklists for assessing D&A programs during accreditation reviews and on-site audits; and
- established minimum criteria for authorisation of railway operator D&A testing officers.

Future rail industry safety reports will include detailed data on operator D&A testing programs.

4.4 Fatigue Management Guidelines and Research Projects

The Rail Safety Act 2002 includes provisions regarding maximum shift lengths, maximum numbers of shifts per fortnight and minimum breaks between shifts for freight and passenger train drivers.

New Guidelines for Fatigue Management Programs were issued in August 2003 to assist railway operators reduce fatigue and improve on-the-job alertness of drivers and other railway workers.

The guidelines require operators to establish programs which:

- assess risks associated with fatigue, taking into account work and break scheduling and relief arrangements to cover absences;
- provide education and training on identifying and managing fatigue;
- ensure suitable rest and sleeping environments are provided where necessary; and
- take into account working under unusual, predictable or emergency operating conditions.

The Special Commission of Inquiry into the Waterfall Rail Accident raised questions about the adequacy of fatigue management arrangements for workers who were returning to shift work after extended holidays. ITSRR has commissioned research to review available scientific evidence on the need for rostering to take into account acclimatisation to shift work after periods of leave.

As well, ITSRR commissioned research into the use of biomathematical indexes which attempt to measure the likely fatigue levels associated with specific shift arrangements. The outcomes of this research will be reviewed in consultation with an industry consultative group to determine if changes are required to the guidelines.
5. SIGNIFICANT RAIL INDUSTRY SAFETY INITIATIVES

5.1 Accreditation of RailCorp and Australian Rail Track Corporation

Major structural changes to the ownership and management of NSW Government owned rail infrastructure and operators were planned and implemented during 2003/04:

- the State Rail Authority was merged with the metropolitan infrastructure assets of the Rail Infrastructure Corporation to form RailCorp from 1 January 2004;
- negotiations were conducted for long term lease of the main interstate rail lines and the Hunter Valley coal haulage rail lines to the Australian Rail Track Corporation (effective September 2004); and
- the Rail Infrastructure Corporation will retain ownership and responsibility for the remainder of the non-metropolitan network.

The establishment of RailCorp required its accreditation as a railway operator under the Rail Safety Act 2002. The former SRA and RIC initiated a comprehensive plan to merge their safety and risk management systems and address key areas for improvement.

Provisional accreditation was granted by the Ministry of Transport in December 2003. Monitoring the conditions of this accreditation was transferred to ITSRR on its establishment in January 2004.

In granting RailCorp provisional accreditation, the Ministry identified a number of specific safety system improvements and set deadlines for their completion (“known as “Safety Milestones”). These Milestones are to be implemented before ITSRR will consider granting full accreditation to RailCorp.

ITSRR has closely monitored the implementation of the Safety Milestones by RailCorp, including on-site audits and assessments to validate the completion of March and June quarter targets, and regular high-level coordination meetings.

In addition, ITSRR commenced an in-depth review of ARTC’s proposed arrangements for risk and safety management. This process is intended to ensure that ARTC is capable of safely managing the interstate and Hunter Valley rail lines as well as identifying specific conditions they will be required to address in order to maintain accreditation under the Rail Safety Act 2002.

5.2 Train Communication Systems

The final report of the Special Commission of Inquiry into the Glenbrook Rail Accident recommended a trial of train to train communications be undertaken and if successful, deployed across the industry as soon as possible.

RailCorp conducted a trial of train driver to train driver direct voice
communications in a controlled environment at the Australian Rail Training facilities at Petersham in April 2004.

The trial participants included experienced train drivers and signallers who tested UHF handheld radios in four scenario exercises including trains passing one another, track obstructions, trains within the same area and trains in separate areas.

The trial indicated both advantages and disadvantages in driver-to-driver communications. For example, exclusion of train controllers and signallers from driver-to-driver communications had potential to compromise safety as drivers have a lesser degree of track area situational awareness than signallers and controllers and may distract drivers from other operational tasks.

The trial indicated that driver-to-driver communications may be advantageous in circumstances where controllers were not contactable or in emergency situations where significant risks needed to be communicated within a short timeframe.

As a result of the trial, standards and protocols for driver-to-driver communications are being developed. Specific activities include:

- a review of protocols in other rail systems;
- identification of preferred communications equipment, including recording and monitoring equipment; and
- an expert risk assessment of proposed communication protocols and their impact on related network control rules and procedures.

In addition ITSRR is participating with the rail industry to enable the integration of train radio communication systems between freight and passenger trains particularly, during an emergency situation on the NSW network. The use of the Voice Communications System (VCS) CountryNet will allow for trains equipped with CountryNet to operate throughout the NSW network without the need to install a separate MetroNet system to operate in the electrified area.

An interface between the VCS and MetroNet system will also provide for the automatic distribution of calls to signallers. This enhancement is being implemented to allow emergency calls from freight trains to include the RMC, the signaller as well as freight train drivers and drivers of MetroNet equipped trains in the area. In a practical sense, when a driver presses the Emergency Call button, the database will ensure that the call is placed to the correct location and it will be able to be heard by other passenger and freight trains in the location.

During 2003/04 ITSRR has continued to promote and support the development of a national framework for communications that will provide safety and operational outcomes. It has actively participated in this national process, which is being undertaken by the Australasian Railways Association.
5.3 Train Driver Vigilance systems

Following the Waterfall Rail Accident, task-based vigilance control systems were installed on RailCorp’s Tangara trains. These systems supplement the deadman brake system and provide an additional means of protection against unexpected incapacitation of the train driver.

The system includes an automated warning light, which activates if the driver has not utilised train controls or exceeds speed limits. If the driver does not respond to the warning light, an alarm bell is activated. The emergency brakes are automatically applied if the driver does not respond to the alarm bell.

Automatic vigilance control systems are expected to be fitted to the remainder of RailCorp’s fleet by the end of 2004. As well, vigilance control systems for CountryLink trains are being upgraded.

5.4 Train Door Emergency Egress

The Waterfall accident highlighted a range of potential barriers for effective and timely responses to safety emergencies. The accident occurred in an area bordering a national park, isolated from main roads, accessible only by dirt roads and with only intermittent mobile phone coverage. It took over 40 minutes for emergency services to attend the scene.

Existing RailCorp (then State Rail) procedures were for passenger train doors to be locked after departing each station, with passengers unable to open doors from the inside. This was intended to prevent unintended falls from moving trains and avoid vandalism of internal emergency door opening devices.

In emergencies, train crew are expected to assist open doors by activating external door release mechanisms. However, at the Waterfall accident the loss of power and the incapacitation of the train crew meant injured passengers were trapped inside the overturned carriages until emergency services arrived.

Following the Waterfall accident, a review of passenger train emergency egress equipment and procedures was initiated. Research was conducted into European and American standards and recent inquiries and reviews.
The Review found that in the USA, UK and Canada passenger trains all have doors which can be opened by passengers in emergencies. In some cases emergency windows are also provided.

Other findings of the review included:

• the need for improved emergency procedures training for train crews;
• the need for improved provision of information to passengers on emergency and evacuation procedures, including signage, emergency lighting and public address systems;
• that most modern rail systems have legislation or standards concerning emergency exits and availability of information to passengers, rather than allowing operators to implement their own standards; and
• that the incidence of vandalism of emergency door devices was not significant in countries where such devices were fitted.

ITSRR is consulting with RailCorp and other passenger train operators on the draft report and in developing industry standards for train passenger emergency egress.

5.5 Confidential Safety Incident Reporting Scheme (CSIRS)

This scheme was established within OTSI on 1 January 2004 to provide employees of railways operators and other passenger transport operators with an avenue for confidentially reporting safety concerns.

In particular, it enables employees to report safety concerns in circumstances where they consider their employer may not or has not responsibly acted on their concerns, or where openly voicing their concerns may negatively impact their treatment or continued employment.

All reports received are investigated by the OTSI in a manner which preserves the confidentiality of the employee. If the report is substantiated, OTSI may:

• issue a “Safety Valve Notice” to the operator, requesting that specified actions be taken or information supplied in relation to the reported issue by a set deadline; and
• refer the matter to ITSRR for enforcement action against the operator.

The employee who makes the initial confidential report is provided with a written account of the action taken by OTSI.

From 1 January to 30 June 2004, 31 CSIRS reports were received and actioned through the Scheme, with 25 of these reports from railway employees.

The reports covered a wide range of safety issues including:

• adequacy of driver and controller training;
• non-compliance with maintenance procedures;
• fatigue and working hours;
• defects in rolling stock including brakes, radios and data loggers;
• defects in infrastructure including tracks, level crossings and signalling systems; and
• trespassing on rail tracks and vandalism.

In the six months to 30 June 2004, 17 Safety Valve Notices were issued as a result of CSIRS reports, and 13 matters were referred to ITSRR for action.
Contents

1. Introduction ................................................................................................................................59

2. Outline of Reliability Performance Standards and Contracts ..................60
   Rail Infrastructure Corporation Line CSO Agreement .............................................60
   RailCorp (CityRail Services) CSO Agreement.........................................................61
   RailCorp (CountryLink Services) CSO .................................................................61
   State Transit Authority CSO .............................................................................62
   Statutory Contracts ...............................................................................................62

3. Performance Against Standards and Contracts .............................................63
   Rail Infrastructure Corporation Line CSO ............................................................63
   RailCorp (CityRail Services) CSO Agreement.........................................................65
   Railcorp (CountryLink) CSO Agreement ...............................................................69
   The CountryLink CSO post 2003/04 .................................................................70
   State Transit Authority CSO .............................................................................71
   Statutory Contracts ...............................................................................................72

4. Summary and Conclusion .............................................................................74
1. Introduction

The Transport Administration Act 1988 requires the Independent Transport Safety and Reliability Regulator (ITSRR) to report to the Minister each year on the reliability of publicly funded transport services. These are transport services provided by an organisation owned or receiving funding from the NSW Government. Essentially, this relates to rail, bus and ferry organisations and services.

The Act provides for a broad scope to reliability. Aspects covered include service quality, effectiveness and efficiency, and resource management. Assessment of some of these matters may assist ITSRR in its principal function, which is safety regulation. Other reliability functions of ITSRR include analysis and reviews of specific issues, such as in the Review of On-Time Running of CityRail Services, published in June 2004.

This first Transport Reliability Report provides an overall review of the service quality of major rail, bus and ferry public transport procured by the Government in 2003/04. The focus in this report is on performance compared with the standards set by the Government.

Government also has contracts for or provides substantial funding for other transport related activities, for example, major construction projects, transport coordination and freight services. However, these are not the subject of the Transport Reliability Report.

Information for this report has been sourced largely from the Ministry of Transport. ITSRR has not audited this information. It is evident that comprehensive information on all relevant aspects of reliability is not yet available. It is expected that this will become available in future years.

In future years, reflecting the transport reforms now underway, it is expected that there will be new and different arrangements for Government setting of service standards. These will include performance agreements included in “Statements of Corporate Intent” (SCIs) between transport providers and their Government shareholders, represented by NSW Treasury. It is expected that ITSRR will monitor these.

ITSRR is preparing a State of the System Report for release later in 2004. The State of the System will provide more detailed information on the sustainability of the rail network and assets owned and operated by NSW.

This Transport Reliability Report is available on the ITSRR website www.transportregulator.nsw.gov.au

Disc copies of the report can be obtained by contacting ITSRR Telephone: (02) 8263 7100 or Email: contact@transportregulator.nsw.gov.au
2. Outline of Reliability Performance Standards and Contracts

The reliability performance standards against which ITSRR compares publicly funded operators are set by Government. They are included in Community Service Obligations (CSOs) and contracts, including statutory contracts, administered by the Ministry of Transport.

There are four key CSOs:

- Rail Infrastructure Corporation Country Network Line CSO Agreement;
- RailCorp (CityRail Services) CSO Agreement;
- RailCorp (CountryLink Services) CSO; and
- State Transit Authority CSO.

In addition there is a scheme of statutory contracts for buses and ferries under the Passenger Transport Act 1990.

**Rail Infrastructure Corporation Line CSO (“the Line CSO”)**

The Line CSO covers the Rail Infrastructure Corporation (RIC) Country network. The Country network is used predominantly by freight trains. The Line CSO will be the subject of change by Government during 2004/05 to take in to account the new arrangements on the non-metropolitan network following the lease to the ARTC.

The financial basis for this agreement arises from the funding arrangements for the Country network. Rail operators pay access charges to RIC for the use of the network. However there is a gap between network access charges and the cost of maintaining infrastructure to acceptable standards. The Line CSO was intended to fund that gap.

**Content and Reliability Performance Standards of the Line CSO**

The Line CSO requires RIC to:

- develop a five year Network Management Plan;
- report against the Plan;
- achieve certain performance standards; and
- participate in a consultative committee.

The Network Management Plan is to provide a scope of, and budget for, maintenance and improvement works. RIC is required to provide the Director General of the Ministry with reports on implementation of the Plan. Performance standards are set for different lines.

The Line CSO sets two types of reliability performance standards for rail lines, both of which are technical measures relating to infrastructure quality:

- track condition indices (Track Condition Index – TCI/Track Quality Index–TQI); and
- temporary speed restrictions (TSRs).

The restricted or “R” lines of the Country network are not subject to these reliability performance standards under the Line CSO. The “R” lines are predominantly...
grain-only lines carrying seasonal traffic reflecting annual harvests. The condition of the “R” lines is generally poor and their future is the subject of a separate study being managed by the Ministry of Transport.

**RailCorp (CityRail Services) CSO Agreement**

The CityRail Services CSO Agreement relates to CityRail services and to metropolitan network infrastructure. The Government provides financial support through this CSO for CityRail services and associated matters such as maintenance of fleet, stations, redundancy and transitional costs, and some railway major periodic maintenance and capital works in the metropolitan network area.

The agreement was formerly held by one of RailCorp’s predecessor organisations – the State Rail Authority (SRA). The precise level of Government funding for each year is determined within the Annual State Budget context. Together with fare-box revenues, this funding is intended to cover costs.

The CityRail Services CSO Agreement was framed in 2002/03 with the then situation of “vertical separation” in the Metropolitan area. That is, SRA operated and maintained the passenger trains and stations, while a different organisation, RIC, owned and maintained the rail infrastructure, eg. track. SRA paid access charges to RIC to use (access) the track. RIC used these access charges to finance its maintenance of the metropolitan infrastructure.

In the lead up to the Sydney Olympics, infrastructure condition was identified as a significant issue for rail reliability in the Metropolitan area. The condition was influenced by a backlog of infrastructure maintenance works. In 2001/2002 RIC identified a “steady state” works program to deal with this backlog. This was the basis of a costing of infrastructure maintenance works of $410 million each year, and in turn this was part of the basis of the SRA access charge. These track maintenance matters go to the longer term sustainability of the network.

On 1 January 2004, RailCorp was formed to move towards “vertical integration” of passenger rail operations in the metropolitan network area and it has taken the place of SRA for the purposes of this agreement.

**Content and Reliability Performance Standards in the CityRail Services CSO**

The CityRail Services Agreement is structured around four themes. These are:

(i) delivery of services to the public;
(ii) improving the metropolitan rail business efficiency and performance;
(iii) asset stewardship including provision of reports to Government; and
(iv) an access agreement between SRA and RIC.

The discussion in the reliability performance section of this report (below) focuses on the service delivery issues. These issues include security, service adequacy and complaints handling.

**RailCorp (CountryLink Services) CSO**

The CountryLink CSO covers CountryLink rail and coach services. CountryLink trains operate over the country and metropolitan networks as well as interstate into Queensland and Victoria under access agreements with rail infrastructure organisations.

CountryLink requires substantial funds to continue its operations. The Ministerial Inquiry into Sustainable Public Transport (Parry) December 2003 estimated that CountryLink fare revenues covered 32 % of total expenses in 2002/03, with Government funding contributing 68%.

**Content and Reliability Performance Standards in the CountryLink CSO**

The CountryLink CSO includes a rail component dealing with provision of adequate, efficient and economical rail services for specified routes. This involves service frequency, timing and stopping patterns, stations.
and rolling stock. The reliability performance section of this report (below) deals with utilisation of CountryLink services, on-time running and complaints.

The CSO also involves a rural coach component for origin/destination points complementing the rail part of the CSO, and requiring CountryLink to enter contracts with coach operators.

State Transit Authority CSO

The State Transit Authority (STA) receives CSO funding. Like other bus and ferry operators, it also operates under the statutory contract regime.

Content and Reliability Performance Standards in the STA CSO

The STA CSO requires STA to provide concessions and to provide bus and ferry services over and above those set in its statutory contract.

Statutory Contracts

The Passenger Transport Act 1990 requires bus and ferry operators to enter a statutory contract. There are two types of contracts: “commercial” contracts and “non-commercial contracts”.

Content and Reliability Performance Standards in Statutory Contracts

In the commercial contracts, the Ministry agrees that the respective operators have an exclusive right to provide certain services in a designated area and or on certain routes. Operators are required to provide certain services, “minimum service levels”, in these areas.

Minimum service levels typically include frequency and operating hours. The commercial contracts have relatively few specific performance or reporting requirements. However, there are some more general requirements, as in their Customer Commitment, such as punctuality targets. For example, services are not to commence early and generally 95% of scheduled journeys are to operate no more than five minutes late. There are also some standards for vehicles such as average fleet age.

The contracts require management and operational records and information to be kept, and in some cases provided to the Ministry. However, the Ministry has indicated that there was no sector-wide culture of reporting.

In preparation for the introduction of the operational performance regime under the Government’s bus reforms (see below) the Ministry introduced some self-reporting in March 2004. This initially covered some 72 bus operators in the metropolitan area. The matters reported include passenger numbers and fares by route and number of sections travelled. Operational matters reported include early and late services, missed or cancelled services and services that are full on route. Customer feedback also is reported.

In the non-commercial contracts, relating to school student travel and the SSTS, the Ministry provides funding for the bus operator. The bus operator is required to provide bus services for school students. Students who live more than a certain distance from school are eligible for a bus pass entitling them to subsidised travel.

Many of the types of terms of the commercial bus contracts also are in these non-commercial contracts, for example, there are average age requirements on buses and operating parameters on services to be provided. One difference is that the non-commercial contracts do not give the operator an exclusive right to provide certain services in a designated area and/or on road routes. The operator may provide other public passenger services on a charter bus, provided this does not impair the capacity of the operator in relation to school services.
3. Performance Against Standards and Contracts

Rail Infrastructure Corporation Line CSO

The following tables show that on average RIC achieved most of the technical performance standards set out in the Line CSO with the exception of branch lines (BLs) for some measures.

Table 1: Track Condition Indices 2003/04 (a)

<table>
<thead>
<tr>
<th></th>
<th>Contract benchmark</th>
<th>Contract limit</th>
<th>Performance (b)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top</td>
<td>ML (c)</td>
<td>3.9</td>
<td>4.4</td>
</tr>
<tr>
<td></td>
<td>SML</td>
<td>4.6</td>
<td>5.0</td>
</tr>
<tr>
<td></td>
<td>BL</td>
<td>5.7</td>
<td>6.8</td>
</tr>
<tr>
<td>Line</td>
<td>ML (c)</td>
<td>4.4</td>
<td>5.4</td>
</tr>
<tr>
<td></td>
<td>SML</td>
<td>4.4</td>
<td>5.4</td>
</tr>
<tr>
<td></td>
<td>BL</td>
<td>4.8</td>
<td>5.7</td>
</tr>
<tr>
<td>Twist</td>
<td>ML (c)</td>
<td>2.9</td>
<td>3.2</td>
</tr>
<tr>
<td></td>
<td>SML</td>
<td>3.4</td>
<td>3.9</td>
</tr>
<tr>
<td></td>
<td>BL</td>
<td>3.8</td>
<td>4.8</td>
</tr>
<tr>
<td>Gauge</td>
<td>ML (c)</td>
<td>2.5</td>
<td>2.7</td>
</tr>
<tr>
<td></td>
<td>SML</td>
<td>2.5</td>
<td>2.7</td>
</tr>
<tr>
<td></td>
<td>BL</td>
<td>3.1</td>
<td>3.4</td>
</tr>
</tbody>
</table>

Top, Line, Twist and Gauge are the four components contributing to the Track Condition Index and reflect measurements of actual track geometry on the ground compared to design.

(a) More details are in the State of the System Report (forthcoming). Lines are grouped as ML Mainlines, SML Secondary Main Lines and BL Branch Lines. This grouping is on the basis of tonnage carried in the three years to 2001.

(b) Average of performance by relevant line segments, for ML unweighted by either route km or traffic.

(c) Includes metro freight-only lines.

Table 2: Temporary Speed Restrictions 2003/04 (a)

<table>
<thead>
<tr>
<th></th>
<th>Contract benchmark in minutes (b)</th>
<th>Performance (c)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Superfreighter</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ML</td>
<td>75.56</td>
<td>31.59</td>
</tr>
<tr>
<td>SML</td>
<td>30.61</td>
<td>26.11</td>
</tr>
<tr>
<td>BL</td>
<td>57.73</td>
<td>32.74</td>
</tr>
<tr>
<td>General freight</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ML</td>
<td>57.14</td>
<td>24.09</td>
</tr>
<tr>
<td>SML</td>
<td>25.95</td>
<td>20.81</td>
</tr>
<tr>
<td>BL</td>
<td>49.39</td>
<td>22.97</td>
</tr>
<tr>
<td>XPT</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ML</td>
<td>22.47</td>
<td>7.98</td>
</tr>
<tr>
<td>SML</td>
<td>18.29</td>
<td>3.64</td>
</tr>
<tr>
<td>BL</td>
<td>36.70</td>
<td>0.29</td>
</tr>
</tbody>
</table>

(a) More details are in the State of the System Report (forthcoming). Lines are grouped as ML Mainlines, SML Secondary Main Lines and BL Branch Lines. This grouping is based on tonnage carried in the three years to 2001.

(b) For all lines in this group. This varies for a number of factors including due to line length.

(c) Total performance by relevant line segments.


Notwithstanding this, there were some specific lines or line segments for which the benchmarks of some Track Condition Index indicators were not achieved. These included parts of the North Coast line, the Moss Vale-Unanderra line, some segments of the metropolitan goods lines, and the Parkes-Cootamundra line.

The Line CSO post 2003/04

The agreement in which NSW leased part of the Country network to the ARTC has significant implications for the Line CSO post 2003/04. The lease sees the ARTC take control of the interstate lines (part of the Country network) and the Hunter Valley network in September 2004. The remainder of the Country network will stay with RIC.

Consequently, the Line CSO is to be redrafted to cover only the smaller area of the Country network remaining under RIC.

ARTC is not a NSW Government agency. Moreover, there is no agreement to provide funds on an ongoing basis to ARTC, although there is some contribution by NSW to ARTC’s capital works.

The lease does require ARTC to report some of its own performance indicators to RIC. It is intended that these measures will be included in RIC’s SCI with its shareholders, and that ITSRR will monitor and report on these indicators.
**RailCorp (CityRail Services) CSO Agreement**

This analysis of performance against the CityRail Services CSO Agreement focuses on service delivery issues which include: concessions, passenger security, service adequacy and reliability, and complaints handling.

**Concessions**

CityRail is required to offer concession fares. In 2003/04 there were 81.1 million concession journeys, a marginal increase from 80.7 million in 2002/03.

**Passenger Security**

RailCorp is required to provide adequate passenger services security mechanisms at each station and on its trains. The CityRail services CSO sets out performance standards for some of these eg, percentage of CCTV cameras working and percentage of security guards attending to roster.

<table>
<thead>
<tr>
<th>Table 3: CityRail security and associated matters 2003/04</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Target</strong></td>
</tr>
<tr>
<td>CCTV availability</td>
</tr>
<tr>
<td>Help point availability</td>
</tr>
<tr>
<td>% of security guards on roster</td>
</tr>
</tbody>
</table>

*Source: NSW Ministry of Transport September 2004*
Reliability Report 2004

Service Adequacy and Reliability

Benchmark passenger service levels for various metropolitan lines are specified for peak hours and weekends and these largely reflect the timetable then in operation. The CityRail CSO notes the design standards for the timetable, covering train frequencies, passenger loads and maximum on-train standing times.

The agreement defines reliability as scheduled services cancelled and station stops skipped, as well as punctuality. These are related to peak hours averaged over a 12 month period. Performance against these standards is summarised in Table 4.

Table 4: CityRail Services, Adequacy and Reliability 2003/04

<table>
<thead>
<tr>
<th></th>
<th>Target</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peak hours timetable services cancelled</td>
<td>1%</td>
<td>1.8%</td>
</tr>
<tr>
<td>Peak hours stops skipped</td>
<td>1%</td>
<td>1.2%</td>
</tr>
<tr>
<td>Metropolitan on-time running (a)</td>
<td>92%</td>
<td>71.3%</td>
</tr>
<tr>
<td>Intercity on-time running (b)</td>
<td>92%</td>
<td>77.5%</td>
</tr>
<tr>
<td>CityRail on-time running</td>
<td>92%</td>
<td>72.2%</td>
</tr>
<tr>
<td>Load factor (c)</td>
<td>All &lt; 135%</td>
<td>6.5% exceeded 135%</td>
</tr>
<tr>
<td>Standing time (d)</td>
<td>All &lt; 20 minutes</td>
<td>All &lt; 20 minutes</td>
</tr>
</tbody>
</table>

(a) Average of AM and PM peaks, full year to within three minutes, 59 seconds.
(b) Average of AM and PM peaks, full year to within five minutes, 59 seconds.
(c) Result from CityRail September 2003 survey. It was reported that the agreement standard had in fact been met because adequate alternative services had been provided within 15 minutes before or after each of the non-compliant services. This is part of the standard in the agreement.
(d) Except by choice.
Source: NSW Ministry of Transport, September 2004
It can be seen that there were substantial issues with on-time running. In 2003/04 a number of developments and initiatives were commenced to address this including:

- the Premier’s announcement in April 2004 of a rail clearways plan to transform by 2010 the existing 14 interlinked CityRail lines into five independent lines. The aim is to increase capacity and reduce congestion which will deliver more reliable, frequent services and reduce delays;
- development and implementation of a Reliability Improvement Plan by RailCorp;
- the Minister’s announcement of a change in the standard for metropolitan on-time running from three minutes 59 seconds to five minutes.

The latter two measures were informed by ITSRR’s Review of On-Time Running of CityRail Services released in June 2004 which was noted in the ITSRR Annual Report.

This review was done in the context of perceptions of a conflict between safety management and on-time running within RailCorp. It analysed relevant factors in considerable detail, and made comparisons with on-time running measures for some major metropolitan rail systems including in Victoria, New York and the UK.

RailCorp was also required to comply with certain cleanliness performance standards. These related to the frequency of interior and exterior cleaning of CityRail trains. RailCorp reported compliance with these for the first half of 2003/04. New performance indicators are now being developed by RailCorp and the Ministry, and in July 2004 cleanliness surveys were introduced.

The CityRail CSO also requires CityRail to have in place processes for alternative transport services during disruptions. The Ministry reports that CityRail has complied with these provisions.
Complaints Handling

As part of its customer management CityRail is to have a complaints handling procedure and this has been provided to the Ministry. It reports the rate of resolution of complaints within specified timeframes.

CityRail separately provides ITSRR with some disaggregation and trend data regarding complaints. Performance is shown in Table 5.

Prior to 2003/04, CityRail had undertaken its own customer satisfaction survey. With the establishment of ITSRR, it was agreed that it would be more appropriate for ITSRR to manage the survey and publish its results. The results of the first surveys managed by ITSRR will be reported in 2004/05.

Planning, Asset Management and Track Access

While not immediately related to service quality, planning, asset management and track access are covered in the CityRail CSO. Financial allocations are made annually by Treasury through the Ministry for major periodic maintenance and capital programs. These programs include the acquisition of new and improved equipment, such as trains and station upgrades, and the results are reflected in service quality. These matters will be included in the State of the System Report.

The CityRail Services CSO Agreement post 2003/04

There are likely to be a number of changes in the CityRail CSO beyond 2003/04. In part, these will reflect more accurately the vertical integration in the metropolitan network area – that is the merger of SRA and RIC. Provisions for service standards and reliability may also change and these are currently being reviewed by RailCorp and the Ministry. In the coming year, RailCorp will enter into a performance agreement and submit a SCI to its shareholders via the Treasury.

Table 5: Monthly Complaints and Complaint Resolution, CityRail 2003/04

<table>
<thead>
<tr>
<th>Topic</th>
<th>Average monthly complaints/days to resolution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of complaints</td>
<td>Days to resolution</td>
</tr>
<tr>
<td>on-time running</td>
<td>3.6 days</td>
</tr>
<tr>
<td>about staff</td>
<td>18.8 days</td>
</tr>
<tr>
<td>ticketing</td>
<td>5.15 days</td>
</tr>
<tr>
<td>comfort and convenience of service</td>
<td></td>
</tr>
<tr>
<td>information</td>
<td></td>
</tr>
<tr>
<td>about safety</td>
<td></td>
</tr>
<tr>
<td>total</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>995 days</td>
</tr>
<tr>
<td>340</td>
<td></td>
</tr>
<tr>
<td>277</td>
<td></td>
</tr>
<tr>
<td>177</td>
<td></td>
</tr>
<tr>
<td>270</td>
<td></td>
</tr>
<tr>
<td>123</td>
<td></td>
</tr>
<tr>
<td>2,707</td>
<td></td>
</tr>
</tbody>
</table>

Source: CityRail, June 2004

Generally, the total number of complaints increased significantly during 2003/04. This was attributable largely to complaints about on-time running. In contrast, most other complaint categories recorded lower figures including those for staff and for service comfort and convenience.
On-time running is the area in which performance is most significantly below expectation. The increase in customer complaints suggests that this is a significant issue for passengers. However, as ITSRR’s Review of On-time Running of CityRail Services made clear, a number of longer term factors are contributing to this. These include timetable specification, infrastructure configuration (being addressed by the Clearways program), and driver numbers. RailCorp is also implementing a Reliability Improvement Plan to improve performance.

**RailCorp (CountryLink) CSO Agreement**

The CountryLink CSO requires provision of services and of concession fares. Concessions represent a relatively high proportion of total trips. Of the 1.9 million journeys in 2003/04, some 1.1 million were concessions, around the same level as for 2002/03.

The main performance measures reported by RailCorp to ITSRR regarding CountryLink are passenger numbers and seat utilisation, on-time running, customer complaints and commendations, and reservation centre performance.

<table>
<thead>
<tr>
<th>CountryLink service regions</th>
<th>Passengers monthly average</th>
<th>Seat utilization (load factor)</th>
</tr>
</thead>
<tbody>
<tr>
<td>North</td>
<td>57,403</td>
<td>53%</td>
</tr>
<tr>
<td>North-west</td>
<td>17,361</td>
<td>56%</td>
</tr>
<tr>
<td>West</td>
<td>25,728</td>
<td>37%</td>
</tr>
<tr>
<td>South</td>
<td>54,369</td>
<td>48%</td>
</tr>
</tbody>
</table>

(a) Includes coach services. 
Source: RailCorp, August 2004

Total journeys in 2003/04 decreased by 9.2% and the average load factor declined by seven percentage points. The most significant reductions in passenger numbers were in the north (9.7%) and south regions (14.5%).

<table>
<thead>
<tr>
<th>Rail service on lines</th>
<th>Performance to 10 minutes</th>
<th>Performance to 30 minutes</th>
</tr>
</thead>
<tbody>
<tr>
<td>North Coast</td>
<td>77.2%</td>
<td>90.9%</td>
</tr>
<tr>
<td>North West</td>
<td>83.9%</td>
<td>92.3%</td>
</tr>
<tr>
<td>West</td>
<td>82.1%</td>
<td>91.2%</td>
</tr>
<tr>
<td>South</td>
<td>52.2%</td>
<td>67.4%</td>
</tr>
<tr>
<td>Canberra/Griffith</td>
<td>77.3%</td>
<td>94.0%</td>
</tr>
</tbody>
</table>

Source: RailCorp, August 2004
The on-time running target is 78% within 10 minutes. Compared with 2002/03, in 2003/04 the percentage of trains running on-time increased marginally on the north coast and north-west lines but deteriorated most noticeably on the south (to Melbourne) lines.

Table 8: CountryLink customer complaints and commendations 2003/04

<table>
<thead>
<tr>
<th></th>
<th>Monthly Complaints</th>
<th>Monthly Commendations</th>
</tr>
</thead>
<tbody>
<tr>
<td>On-time running</td>
<td>43</td>
<td>21</td>
</tr>
<tr>
<td>Staff</td>
<td>29</td>
<td>2</td>
</tr>
<tr>
<td>Service</td>
<td>68</td>
<td>23</td>
</tr>
<tr>
<td>Ticketing</td>
<td>17</td>
<td>23</td>
</tr>
<tr>
<td>Information</td>
<td>23</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>42</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>222</td>
<td>222</td>
</tr>
</tbody>
</table>

Source: RailCorp August 2004

In 2003/04, total complaints increased marginally compared with the monthly average of 212 for 2002/03. However, this is greatly below the monthly figures for the previous three years; eg. 457 in 2001-02. Commendations have remained at around the same level of 20 to 25 since 1999/2000.

The CountryLink CSO post 2003/04

The daily CountryLink train service between Casino and Murwillumbah, the only regular train on that line, was replaced in May 2004 by a twice daily CountryLink coach service. This was in response to high infrastructure maintenance costs, particularly for wooden bridges. In May, the Minister announced a working party to look into the future of this rail corridor, which is expected to report by the end of 2004. The outcome of this may be reflected in amendments to the CountryLink CSO.

Table 9: Sydney Reservation Centre Performance 2003/04

<table>
<thead>
<tr>
<th>Item</th>
<th>Target</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of calls answered</td>
<td>&gt; 80%</td>
<td>Average 35</td>
</tr>
<tr>
<td>within 30 seconds</td>
<td></td>
<td>seconds</td>
</tr>
<tr>
<td>Average call time</td>
<td>&lt; 2 minutes</td>
<td>2 minutes</td>
</tr>
<tr>
<td></td>
<td>30 seconds</td>
<td>36 seconds</td>
</tr>
<tr>
<td>Percentage of calls not answered</td>
<td>&lt; 8%</td>
<td>3.0% (a)</td>
</tr>
</tbody>
</table>

(a) Calls received to calls lost.
Source: RailCorp, August 2004
State Transit Authority CSO

The CSO requires the State Transit Authority (STA) to offer non-commercial services beyond the minimum service level and concession fares. The following comments also relate to STA’s overall performance.

STA buses

Sydney bus and Newcastle services provided 106.4 million concession journeys in 2003/04, a marginal increase over the number in 2002/03.

STA commenced operational self-reporting to the Ministry in July 2004. Previously, bus performance was regularly reported on its website.

<table>
<thead>
<tr>
<th>Table 10: State Transit Reported Bus Performance 2003/04</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Passengers</strong></td>
</tr>
<tr>
<td>----------------</td>
</tr>
<tr>
<td>On-time running (a)</td>
</tr>
<tr>
<td>Service availability (b)</td>
</tr>
<tr>
<td>Cleanliness complaints</td>
</tr>
<tr>
<td>Complaints per 100,000 trips (c)</td>
</tr>
<tr>
<td>Fleet (d)</td>
</tr>
<tr>
<td>. average age (years)</td>
</tr>
<tr>
<td>. % of fleet accessible</td>
</tr>
</tbody>
</table>

(a) Within five minutes of timetable at terminus on route, from State Transit website.
(b) Timetabled services operating, from State Transit website.
(c) Compared with target of <15 complaints, from Ministry of Transport submission to IPART.
(d) Compared with target of <12 years, and buses that are wheelchair accessible from Ministry of Transport submission to IPART.
Sources: State Transit September 2004

This shows a relatively high level of operational performance. However, this aspect is reportedly based on a relatively small sample size.

STA Sydney Ferries

Sydney Ferries provided 3.8 million concession journeys in 2003/04, a slight increase from 3.6 million in 2002/03.

The Ministry received little operating ferry performance information in 2003/04, and ITSRR did not directly seek information from, or monitor, this aspect of STA business. The following comments draw largely on the submission from Sydney Ferries Corporation (SFC) to the IPART Public Bus and Ferry Fares Review (August 2004).

Sydney Ferries reported a strong operating performance in 2003/04. On-time running was reported to be 98.7%, and 99.1% of scheduled services operated. Similar results had been achieved in the previous four years.

SFC’s submission to the IPART review indicated that a customer survey in 2003 rated Sydney Ferries relatively highly on issues that matter to customers including on-time running, service frequency, minimal interruptions and safety at wharves.

The STA CSO post 2003/04

Post 2003/04, the CSO and reporting will reflect two significant transport reforms: the new statutory contracting regime for buses, and the corporatisation of Sydney Ferries. Both of these reforms should result in the Government receiving better performance information.
Statutory Contracts

Commercial Contracts
The Ministry’s implementation of the statutory bus contracts relied heavily on audits of compliance. In 2003/04, it conducted 75 audits of individual contracts and minimum service levels and indicated that three commercial contracts (and six non-commercial contracts) involved non-compliances. It advises that these were minor instances of non-compliance which are being addressed.

The most recent aggregated information regarding the full bus fleet provided to the Ministry relates to an independent voluntary survey conducted for 2001/02 for the metropolitan area. It showed a total fleet of 2,710 buses (including STA), average age of buses of 11.3 years, 34% airconditioned, and 21% wheelchair accessible. The Ministry examines average bus ages during the contract audit process.

Reflecting the matters noted above, little aggregated information has been available in relation to reliability performance of the commercial contract sector as a whole. Some data from the early stages of a self reporting scheme is available from March 2004. However, as this scheme is in its infancy, the data could not be considered indicative of performance across the sector or of particular operators. It is included below to demonstrate the types of matters the Ministry is moving to cover which include passenger numbers, on-time running and complaints.

Table 11: Self Reported Private Bus Passenger Data

<table>
<thead>
<tr>
<th></th>
<th>Trips per day</th>
<th>Passengers</th>
<th>Passengers per trip</th>
</tr>
</thead>
<tbody>
<tr>
<td>June quarter 2004</td>
<td>54,869</td>
<td>7.5 million</td>
<td>1.5</td>
</tr>
</tbody>
</table>

Source: NSW Ministry of Transport, September 2004

Table 12: Self Reported Private Bus Operational Data

<table>
<thead>
<tr>
<th></th>
<th>Early trips (a)</th>
<th>Late trips (b)</th>
<th>Missed/ cancelled trips</th>
<th>Full on route</th>
</tr>
</thead>
<tbody>
<tr>
<td>June quarter 2004</td>
<td>21</td>
<td>1,614</td>
<td>299</td>
<td>22</td>
</tr>
</tbody>
</table>

(a) More than two minutes early.
(b) More than five minutes late.
Source: NSW Ministry of Transport, September 2004

Table 13: Self Reported Private Bus Complaints Data (a)

<table>
<thead>
<tr>
<th></th>
<th>Total (% of all trips)</th>
<th>Missed bus</th>
<th>Rude driver</th>
<th>Dangerous</th>
<th>Early</th>
<th>Late</th>
<th>Unhelpful</th>
</tr>
</thead>
<tbody>
<tr>
<td>June quarter 2004</td>
<td>542 (0.1%)</td>
<td>119</td>
<td>94</td>
<td>117</td>
<td>35</td>
<td>59</td>
<td>33</td>
</tr>
</tbody>
</table>

(a) There are 12 other complaint categories including overcrowded, no seats, noisy etc.
Source: NSW Ministry of Transport, September 2004
Non-Commercial Contracts
As in the case of commercial contracts, little aggregated information is available in relation to performance under non-commercial contracts. Against this, the Ministry conducts audits of compliance with individual contracts.

Statutory Contracting – Post 2003/04
The Industry Overview (above) outlined some of the main elements of the bus reform program.

The new legislation supporting this program allows for a migration of statutory contracts from the old style to the new. A partnership approach will be used and be based on bus service guidelines including Government specification of strategic corridors, service frequency and hours of operation. Operators will develop the detailed service plan for their area, with Government approving proposed major changes. There will be annual service planning forums hosted by operators.

Part of the reform program includes an operational performance regime for contracts. The Ministry is supplementing the self reporting under this with field surveys which commenced in August 2004, and it indicates that fleet monitoring and contract auditing activities will be ongoing.

From 2007, the operational performance regime will be enhanced through data from the Bus Monitoring and Priority System. This system is being developed jointly by the Ministry and the Roads and Traffic Authority to allow for centralised dispatch, tracking and management of bus on-time running. Traffic signal priority will be used to assist bus on-time running. The system is scheduled to be implemented in the north-west transitway in 2006.

In conjunction with these, the Ministry of Transport’s submission to the IPART Review of Bus Fares 2004/05 (August 2004) recommended closer alignment of fares across Sydney, and a simplified fare structure. IPART is to make its decision in January 2005.
4. Summary and Conclusion

This first Transport Service Reliability Report provides an overall review of the reliability performance of major rail, bus and ferry transport services for 2003/04 procured by the NSW Government. The focus is on the performance of those services against the performance standards set by the Government; in particular, service quality standards. Sustainability issues have not been addressed in this report, however, for rail they will be covered in the State of the System Report.

Information has largely been drawn from the Government’s transport procurement agency – the Ministry of Transport. ITSRR has not conducted an audit of this information.

Rail

In 2003/04 RIC was substantially in compliance with the technical standards in the Line CSO. However, on a few lines some Track Condition Index benchmark standards were not achieved, and further, the line CSO does not impose technical standards on restricted lines.

CityRail faced significant on-time-running issues during 2003/04. A Reliability Improvement Program and the Clearways program aim to provide long term solutions to the problems underlying this.

CountryLink patronage declined and several services experienced on-time running below the relevant performance standards.

Major changes to rail organisation structures occurred in 2003/04, including the establishment of RailCorp and the ARTC lease. Contracts and performance agreements are expected to more completely reflect the new structure in 2004/05.

Bus and Ferry

STA received CSO funding for some bus and ferry services and for concessions. STA patronage and concession usage increased by only a small percentage.

STA and the private buses operate under statutory contracts.

The Ministry indicates that the main reporting issue concerning bus services was that contract arrangements in place in 2003/04 severely limited its ability to report on bus industry performance.

The Government is implementing the thrust of the Ministerial Review of Bus Services in New South Wales, including changes to the contracting regime which will consolidate metropolitan contract areas, change funding arrangements, and be part of a longer term strategy of introducing competitive forces into the sector. A key element of this approach will be new performance measures. The aim is to reverse the long term trend of declining private bus patronage in western Sydney. Changes in regional and rural contracting will commence in 2005 and take several years to complete.
Future Work

The major changes now underway in transport will affect performance reporting in 2004/05:

* the ARTC lease;
* RailCorp’s performance agreement in its SCI;
* RailCorp’s reliability improvement initiatives;
* the overall bus reforms; and
* corporatisation of Sydney Ferries.

During 2004/05, ITSRR’s reliability monitoring and reporting activities will pay close attention to the progress of transport reform. In addition, the activities will broaden to cover some other matters directly affecting service quality including transport coordination and the rollout of integrated ticketing. ITSRR also will be paying closer attention to and working with the Ministry on data quality and data provision.

ITSRR will be vitally interested in the monitoring and reporting of performance by the bus industry to the Ministry. ITSRR is not involved in setting performance targets or the commercial negotiation process with bus operators. However, it has a keen interest in the methodology and process by which the Ministry will collect information from bus operators in the key areas of operational performance, service quality and patronage and it will be pursuing these matters with the Ministry in 2004/05.
INDEPENDENT AUDIT REPORT

Independent Transport Safety and Reliability Regulator

To Members of the New South Wales Parliament

Audit Opinion

In my opinion, the financial report of the Independent Transport Safety and Reliability Regulator:

(a) presents fairly the Independent Transport Safety and Reliability Regulator’s financial position as at 30 June 2004 and its financial performance and cash flows for the six month period ended on that date, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and

(b) complies with section 41B of the Public Finance and Audit Act 1983 (the Act).

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

The Chief Executive Officer’s Role

The financial report is the responsibility of the Chief Executive Officer of the Independent Transport Safety and Reliability Regulator. It consists of the statement of financial position, the statement of financial performance, the statement of cash flows and the accompanying notes.

The Auditor’s Role and the Audit Scope

As required by the Act, I carried out an independent audit to enable me to express an opinion on the financial report. My audit provides reasonable assurance to Members of the New South Wales Parliament that the financial report is free of material misstatement.

My audit accorded with Australian Auditing and Assurance Standards and statutory requirements, and I:

• evaluated the accounting policies and significant accounting estimates used by the Chief Executive Officer in preparing the financial report, and

• examined a sample of the evidence that supports the amounts and other disclosures in the financial report.

An audit does not guarantee that every amount and disclosure in the financial report is error free. The terms ‘reasonable assurance’ and ‘material’ recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that the Chief Executive Officer had not fulfilled her reporting obligations.

My opinion does not provide assurance:

• about the future viability of the Regulator,

• that it has carried out its activities effectively, efficiently and economically, or

• about the effectiveness of its internal controls.
Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The Act further promotes independence by:

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

Jack Kheir BEd, FCPA
Director of Audit

SYDNEY
20 October 2004
INDEPENDENT TRANSPORT SAFETY AND RELIABILITY REGULATOR
STATEMENT BY CHIEF EXECUTIVE

For the period from 1 January 2004 to 30 June 2004

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

(a) The accompanying financial statements have been prepared in accordance with

• Applicable Australian Accounting Standards;
• Other authoritative pronouncements of the Australian Accounting Standards Board;
• Urgent Issues Group Consensus Views;
• 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

18th October 2004
**Statement of Financial Performance**

For the period from 1 January 2004 to 30 June 2004

<table>
<thead>
<tr>
<th>Notes</th>
<th>Actual 2004 $’000</th>
<th>Budget 2004 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EXPENSES</strong></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>4,452</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>2(b)</td>
<td>5,526</td>
</tr>
<tr>
<td>Depreciation</td>
<td>2(c)</td>
<td>111</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td></td>
<td>10,089</td>
</tr>
<tr>
<td><strong>Less:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Retained Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment income</td>
<td>3(a)</td>
<td>38</td>
</tr>
<tr>
<td>Other revenue</td>
<td>3(b)</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total Retained Revenue</strong></td>
<td></td>
<td>42</td>
</tr>
<tr>
<td><strong>Net Cost Of Services</strong></td>
<td>18</td>
<td>10,047</td>
</tr>
<tr>
<td><strong>Government Contributions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recurrent appropriation</td>
<td>4</td>
<td>9,046</td>
</tr>
<tr>
<td>Capital appropriation</td>
<td>4</td>
<td>1,000</td>
</tr>
<tr>
<td>Acceptance by the Crown Entity of employee benefits and other liabilities</td>
<td>5</td>
<td>1,104</td>
</tr>
<tr>
<td><strong>Total Government Contributions</strong></td>
<td></td>
<td>11,150</td>
</tr>
<tr>
<td><strong>SURPLUS FOR THE PERIOD FROM ORDINARY ACTIVITIES</strong></td>
<td>1,103</td>
<td>1,000</td>
</tr>
<tr>
<td><strong>TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS</strong></td>
<td>13</td>
<td>1,103</td>
</tr>
</tbody>
</table>

*The accompanying notes form part of these statements.*
**Statement of Financial Position as at 30 June 2004**

<table>
<thead>
<tr>
<th>Notes</th>
<th>Actual 2004 $'000</th>
<th>Budget 2004 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>7</td>
<td>2,147</td>
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<tr>
<td>Receivables</td>
<td>8</td>
<td>560</td>
</tr>
<tr>
<td>Prepayments</td>
<td>9</td>
<td>113</td>
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<tr>
<td><strong>Total Current Assets</strong></td>
<td>2,820</td>
<td>2,159</td>
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<tr>
<td><strong>Non-Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>10</td>
<td>905</td>
</tr>
<tr>
<td>Plant and equipment</td>
<td>10</td>
<td>132</td>
</tr>
<tr>
<td><strong>Total property, plant and equipment</strong></td>
<td>1,037</td>
<td>1,112</td>
</tr>
<tr>
<td><strong>Total Non-Current Assets</strong></td>
<td>1,037</td>
<td>1,112</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>3,857</td>
<td>3,271</td>
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<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td>11</td>
<td>1,876</td>
</tr>
<tr>
<td>Provisions</td>
<td>12</td>
<td>425</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>2,301</td>
<td>2,271</td>
</tr>
<tr>
<td><strong>Non-Current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provisions</td>
<td>12</td>
<td>373</td>
</tr>
<tr>
<td><strong>Total Non-Current Liabilities</strong></td>
<td>373</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>2,674</td>
<td>2,271</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td>1,183</td>
<td>1,000</td>
</tr>
<tr>
<td><strong>EQUITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated funds</td>
<td>13</td>
<td>1,183</td>
</tr>
<tr>
<td><strong>Total Equity</strong></td>
<td>1,183</td>
<td>1,000</td>
</tr>
</tbody>
</table>

The accompanying notes form part of these statements.
Statement of Cash Flows
For the period from 1 January 2004 to 30 June 2004

<table>
<thead>
<tr>
<th>Notes</th>
<th>Actual 2004 $’000</th>
<th>Budget 2004 $’000</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>(2,973)</td>
<td>(3,060)</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>(4,036)</td>
<td>(4,276)</td>
</tr>
<tr>
<td>Goods and Services Tax paid</td>
<td>(462)</td>
<td>(450)</td>
</tr>
<tr>
<td><strong>Total Payments</strong></td>
<td>(7,471)</td>
<td>(7,786)</td>
</tr>
<tr>
<td><strong>Receipts</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous revenue</td>
<td>4</td>
<td>163</td>
</tr>
<tr>
<td>Recreation leave</td>
<td>308</td>
<td>308</td>
</tr>
<tr>
<td>Goods and Services Tax received</td>
<td>208</td>
<td>208</td>
</tr>
<tr>
<td><strong>Total Receipts</strong></td>
<td>520</td>
<td>679</td>
</tr>
<tr>
<td><strong>Cash Flows from Government</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recurrent appropriation</td>
<td>9,046</td>
<td>9,046</td>
</tr>
<tr>
<td>Capital appropriation</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td>Cash reimbursements from the Crown Entity</td>
<td>120</td>
<td>194</td>
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<tr>
<td><strong>Net Cash Flows from Government</strong></td>
<td>10,166</td>
<td>10,240</td>
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<tr>
<td><strong>NET CASH INFLOWS FROM OPERATING ACTIVITIES</strong></td>
<td>18</td>
<td>3,215</td>
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<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>(1,068)</td>
<td>(1,100)</td>
</tr>
<tr>
<td><strong>NET CASH FLOWS FROM INVESTING ACTIVITIES</strong></td>
<td>(1,068)</td>
<td>(1,100)</td>
</tr>
<tr>
<td><strong>NET INCREASE IN CASH</strong></td>
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<td>2,033</td>
</tr>
<tr>
<td>Opening cash and cash equivalents</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>CLOSING CASH AND CASH EQUIVALENTS</strong></td>
<td>7</td>
<td>2,147</td>
</tr>
</tbody>
</table>

*The accompanying notes form part of these statements.*
### Summary of Compliance With Financial Directives

For the period from 1 January 2004 to 30 June 2004

<table>
<thead>
<tr>
<th></th>
<th>Recurrent Appropriation $’000</th>
<th>Expenditure/Net Claimed on Cont. Fund $’000</th>
<th>Capital Appropriation $’000</th>
<th>Expenditure/Net Claimed on Cont. Fund $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Original Budget</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appropriation/Expenditure</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appropriation Act</td>
<td>–</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additional Appropriations</td>
<td>–</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>S21A PF &amp; AA</td>
<td>–</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special Appropriation</td>
<td>–</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>S24 PF &amp; AA</td>
<td>–</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>–</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other Appropriations/Expenditure</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Treasurer’s advance</td>
<td>7,046</td>
<td>7,046</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td>S22 – expenditure for certain works &amp; services</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Transfer to/from another agency (S25 Appropriation Act)</td>
<td>2,000</td>
<td>2,000</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td></td>
<td>9,046</td>
<td>9,046</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td><strong>Total Appropriation/Expenditures</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>9,046</td>
<td>9,046</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td><strong>Drawdowns from Treasury</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>9,046</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Liability to Consolidated Fund</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>–</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*The Summary of Compliance is based on the assumption that Consolidated Fund monies are spent first (except where otherwise identified or prescribed).*
**Program Statement – Expenses And Revenue**
For the period from 1 January 2004 to 30 June 2004

<table>
<thead>
<tr>
<th></th>
<th>Program 65.1.1 2004</th>
<th>Program 65.1.2 2004</th>
<th>Program 65.1.3 2004</th>
<th>Not Attributable</th>
<th>Total 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EXPENSES</strong></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>(3,566)</td>
<td>(604)</td>
<td>(282)</td>
<td>(4,452)</td>
<td></td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>(4,382)</td>
<td>(559)</td>
<td>(585)</td>
<td>(5,526)</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>(109)</td>
<td>(1)</td>
<td>(1)</td>
<td>(111)</td>
<td></td>
</tr>
<tr>
<td>Total Expenses</td>
<td>(8,057)</td>
<td>(1,164)</td>
<td>(868)</td>
<td>(10,089)</td>
<td></td>
</tr>
<tr>
<td><strong>RETAINED REVENUE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Income</td>
<td>30</td>
<td>4</td>
<td>4</td>
<td>38</td>
<td></td>
</tr>
<tr>
<td>Other Revenue</td>
<td>4</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td></td>
</tr>
<tr>
<td>Total Revenue</td>
<td>34</td>
<td>4</td>
<td>4</td>
<td>42</td>
<td></td>
</tr>
<tr>
<td><strong>Net Cost of Services</strong></td>
<td>(8,023)</td>
<td>(1,160)</td>
<td>(864)</td>
<td>(10,047)</td>
<td></td>
</tr>
<tr>
<td>Government Contributions</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>11,150</td>
<td>11,150</td>
</tr>
<tr>
<td>NET (EXPENSES)/REVENUE</td>
<td>(8,023)</td>
<td>(1,160)</td>
<td>(864)</td>
<td>11,150</td>
<td>1,103</td>
</tr>
</tbody>
</table>

| ADMINISTERED REVENUE |                     |                     |                     |                  |            |
| Fees                | –                   | –                   | –                   |                  |            |
| Fines               | –                   | –                   | –                   |                  |            |
| TOTAL               | –                   | –                   | –                   |                  |            |

The names and purpose of each program is summarised in Note 6. Appropriations are made on an agency basis and not to individual program.
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) REPORTING ENTITY

The Independent Transport Safety and Reliability Regulator (ITSRR) was established on 1 January 2004 as a statutory body 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. In accordance with the Financial Reporting Code for Budget Dependent General Government Sector Agencies and Treasury Guidelines on Administrative Restructures, these financial statements cover the period from 1 January 2004 to 30 June 2004. As this is the first period of operations of the new agency no comparative figures are available.

The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

(B) BASIS OF ACCOUNTING

The agency’s financial statements are a general purpose financial report, which has been prepared on an accruals basis and in accordance with:

• applicable Australian Accounting Standards;
• other authoritative pronouncements of the Australian Accounting Standards Board (AASB);
• Urgent Issues Group (UIG) Consensus Views;
• the requirements of the Public Finance and Audit Act and Regulations; and

Where there are inconsistencies between the above requirements, the legislative provisions have prevailed. In the absence of a specific Accounting Standard, other authoritative pronouncements of the AASB or UIG Consensus Views, the hierarchy of other pronouncements as outlined in AAS 6 “Accounting Policies” is considered.

The financial statements are prepared in accordance with the historical cost convention. All amounts are rounded to the nearest thousand dollars and are expressed in Australian currency.

(C) 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.

(D) REVENUE RECOGNITION

Revenue is recognised when the agency has control of the good or right to receive, it is probable that the economic benefits will flow to the agency and the amount of revenue can be measured reliably.

Additional comments regarding the accounting policies for the recognition of revenue are discussed below:

(i) Parliamentary Appropriations:

Parliamentary appropriations are recognised as revenues when the agency receives the funds from Consolidated Fund.

An exception to the above is when appropriations are unspent at year-end. In this case the ability 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 agency did not have a liability to the Consolidated Fund at balance date.

(ii) Sale of Services:
Revenue from the sale of services comprises revenue from the provision of services ie. user charges. User charges are recognised as revenue when the agency obtains control of the assets that result from them.

(iii) Investment Income:
Interest revenue is recognised as it accrues.

(E) EMPLOYEE BENEFITS AND OTHER PROVISIONS
(i) Salaries, Annual Leave, Sick Leave and oncosts:
Liabilities for salaries (including non-monetary benefits), annual leave and vesting sick leave are recognised and measured in respect of employees’ services up to the reporting date at nominal amounts based on the amounts expected to be paid when the liabilities are settled.

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 and superannuation are assumed by the Crown Entity. The agency accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as “Acceptance by the Crown Entity of Employee benefits and other Liabilities”.

Long service leave is measured using the present value method. This method uses expected remuneration rates adjusted by Treasury-determined factors to calculate long service leave benefits of employees with more than five years of service.

The superannuation expense for the financial period is determined by using the formulae specified in the Treasurer’s Circular. 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, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events. These provisions are recognised when it is probable that a future sacrifice of economic benefits will be required and the amount can be measured reliably.

Any provisions for restructuring are recognised either when a detailed formal plan has been developed or will be developed within prescribed time limits and where the agency has raised a valid expectation in those affected by the restructuring that it will carry out the restructuring.

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

(G) ACCOUNTING FOR GOODS AND SERVICES (GST)
Revenues, expenses and assets are recognised net of the amount of GST. Receivables and payables are stated with the amount of GST included. 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.
(H) ACQUISITIONS OF ASSETS

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the agency. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition.

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

Fair value means the amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm’s length transaction.

Leasehold improvements comprise office improvements.

Plant and equipment comprise office furniture and equipment and computer systems and equipment. Most of the agency’s computers are under operating leases.

Generally assets costing $500 and above individually are capitalised.

(I) DEPRECIATION

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the agency. The principal rate used for office furniture, equipment and computer equipment and systems was 20%. The leasehold period is three years and it is expected that the period be extended for a further period of two years and amortised at 20%.

The agency owns a number of physical non-current assets that have been fully depreciated. These consist mainly of office equipment and computers whose value is not material to require recognition in these accounts.

(J) LEASED NON-CURRENT ASSETS

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

(K) RECEIVABLES

Receivables are recognised and carried at cost, based on the original invoice amount less a provision for any uncollectable debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

(L) PREPAYMENTS

Prepayments are recognised on a cost basis.

(M) EQUITY TRANSFERS

The transfer of net assets between agencies as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector agencies are designated as a contribution by owners by NSWTC 01/11 and are recognised as an adjustment to “Accumulated Funds”. This treatment is consistent with Urgent Issues Group Abstract UIG 38 “Contributions by Owners Made to Wholly Owned Public Sector Entities”.

Transfers arising from an administrative restructure between Government departments are recognised at the amount at which the asset was recognised by the transferor Government department immediately prior to the restructure. In most instances this will approximate fair value. All other equity transfers are recognised at fair value.

(N) PAYABLES

These amounts represent liabilities for goods and services provided to the agency and other amounts, including interest. Interest is accrued over the period it becomes due.

(O) BUDGETED AMOUNTS

The budgeted amounts are drawn from the State budgets, adjusted for the effects of additional appropriations, S21A, S24 and/or S26 of the Public Finance and Audit Act 1983.
### 2. EXPENSES

(a) **Employee related expenses** comprise the following specific items:
- Salaries (including recreation leave) $3,022
- Superannuation $225
- Long service leave $865
- Workers’ compensation insurance $38
- Payroll tax and fringe benefit tax $302

---

(b) **Other operating expenses**
- Accommodation $455
- Property rentals $172
- Other property costs $52
- External services
  - Contractors $4,007
  - Legal Services $10
  - Audit fees – External $6
- Information Technology
  - Computer leasing $28
  - Computer licences $58
  - Communication lines $6
  - Other computer costs $4
- Motor Vehicle running expenses
  - Operating lease rentals $21
  - Other motor vehicle expenses $71
- Advertising and promotion $12
- Staff recruitment and training costs $219
- Administration
  - Printing and stationery $136
  - Telephones $172
  - Postage and courier $3
  - Travel $74
  - Insurance $27
  - Others $165

---

**5,526**
Note 2 EXPENSES continued:
The contractor’s figure includes claims to the value of $250,000 submitted by State Rail Authority to the Office of Coordinator General of Rail for the secondment of staff and related expenses. As these officers were engaged in setting up the new agency of ITSRR, it was appropriate to meet this cost from this agency.

(c) Depreciation

<table>
<thead>
<tr>
<th>Plant and equipment</th>
<th>111</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>111</td>
</tr>
</tbody>
</table>

3. REVENUES

(a) Investment income

<table>
<thead>
<tr>
<th>Interest</th>
<th>38</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>38</td>
</tr>
</tbody>
</table>

(b) Other revenue

<table>
<thead>
<tr>
<th>Miscellaneous</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4</td>
</tr>
</tbody>
</table>

4. APPROPRIATIONS

Recurrent appropriations

<table>
<thead>
<tr>
<th>Total recurrent drawdowns from Treasury (per Summary of Compliance)</th>
<th>9,046</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less: Liability to Consolidated Fund (per Summary of Compliance)</td>
<td>0</td>
</tr>
<tr>
<td>Recurrent appropriations (per Statement of Financial Performance)</td>
<td>9,046</td>
</tr>
</tbody>
</table>

Capital appropriations

<table>
<thead>
<tr>
<th>Total capital drawdowns from Treasury (per Summary of Compliance)</th>
<th>1,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less: Liability to Consolidated Fund (per Summary of Compliance)</td>
<td>0</td>
</tr>
<tr>
<td>Capital appropriations (per Statement of Financial Performance)</td>
<td>1,000</td>
</tr>
</tbody>
</table>

5. ACCEPTANCE BY THE CROWN ENTITY OF EMPLOYEE BENEFITS AND OTHER LIABILITIES

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

<table>
<thead>
<tr>
<th>Superannuation</th>
<th>225</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long service leave</td>
<td>865</td>
</tr>
<tr>
<td>Payroll tax on superannuation</td>
<td>14</td>
</tr>
<tr>
<td>(Note 19)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,104</td>
</tr>
</tbody>
</table>
6. PROGRAM INFORMATION

The agency has three programs namely:

**Program 65.1.1 – Effective Regulation**

**Program Objective:** To provide strategic co-ordination of safety regulation across transport modes. To administer the *Rail Safety Act 2002*, including accreditation of rail operators and undertaking compliance audits and investigations.

**Program Description:** Provision of safety policy and safety management system standards across transport modes and the guidelines and regulations that support these. Accredit rail operators and monitor compliance with the *Rail Safety Act 2002*, with a focus on promoting improvements in safety management systems and safety culture. Provision of research and data analysis to identify potential safety issues.

**Program 65.1.2 – Service Reliability (Office of Transport Safety Investigations)**

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

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

**Program 65.1.3 – Service Reliability**

**Program Objective:** To advise the Government and the community on the extent to which transport operators are meeting their service obligations. To identify lead indicators of potential safety risks.

**Program Description:** Advise the Minister, Government and the community on the extent to which publicly funded transport services are meeting the standards set by Government under their contracts with service providers. Advise the Minister of performance against national and international standards. Provide administrative support to the Transport Advisory group to facilitate community participation in reliability assessment.

7. CURRENT ASSETS – CASH

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at bank and on hand</td>
<td>2,147</td>
</tr>
</tbody>
</table>

For the purposes of the Statement of Cash Flows, cash includes cash on hand and cash at bank. Cash assets recognised in the Statement of Financial Position are reconciled to cash at the end of the financial year as shown in the Statement of Cash Flows.
8. CURRENT ASSETS – RECEIVABLES

Current receivables:
- Employee entitlements recoverable: $149,000
- Goods and Services Tax – recoverable: $254,000
- Goods and Services Tax on accruals: $157,000

Less: Provision for doubtful debts

Total current receivables: $560,000

9. CURRENT ASSETS – PREPAYMENTS

Current receivables:
- Prepaid expenses: $113,000

Total current receivables: $113,000

10. NON-CURRENT ASSETS - PROPERTY, PLANT & EQUIPMENT

Leasehold improvements
- At fair value: $1,005,000
- Less: Accumulated depreciation: $100,000

Plant and equipment
- At fair value: $183,000
- Less: Accumulated depreciation: $51,000

Total property, plant and equipment
- At net book value: $1,037,000

Reconciliation of the carrying amounts by asset class at the beginning and end of the 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>Transfer from other agency 1 January 2004</td>
<td>–</td>
<td>80</td>
<td>80</td>
</tr>
<tr>
<td>Additions</td>
<td>1,005</td>
<td>63</td>
<td>1,068</td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>(100)</td>
<td>(11)</td>
<td>(111)</td>
</tr>
<tr>
<td>Carrying amount 30 June</td>
<td>905</td>
<td>132</td>
<td>1,037</td>
</tr>
</tbody>
</table>
11. CURRENT LIABILITIES – PAYABLES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creditors</td>
<td>20</td>
</tr>
<tr>
<td>Accruals</td>
<td></td>
</tr>
<tr>
<td>Salaries and on-costs (Note 12)</td>
<td>116</td>
</tr>
<tr>
<td>Others</td>
<td>1,740</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,876</strong></td>
</tr>
</tbody>
</table>

12. CURRENT LIABILITIES – PROVISIONS

**CURRENT LIABILITIES**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recreation leave</td>
<td>302</td>
</tr>
<tr>
<td>Other</td>
<td>123</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>425</strong></td>
</tr>
</tbody>
</table>

**NON-CURRENT LIABILITIES**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recreation leave</td>
<td>280</td>
</tr>
<tr>
<td>Other</td>
<td>93</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>373</strong></td>
</tr>
</tbody>
</table>

**Aggregate employee benefits and related on-costs**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provisions – current</td>
<td>425</td>
</tr>
<tr>
<td>Provisions – non-current</td>
<td>373</td>
</tr>
<tr>
<td>Accrued salaries &amp; on-costs (Note 11)</td>
<td>116</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>914</strong></td>
</tr>
</tbody>
</table>

13. CHANGES IN EQUITY

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes in equity – transactions with owners as owners (Notes 14 and 10)</td>
<td>80</td>
</tr>
<tr>
<td>Surplus for period</td>
<td>1,103</td>
</tr>
<tr>
<td>Balance at the end of the financial period</td>
<td>1,183</td>
</tr>
</tbody>
</table>
14. INCREASE IN NET ASSETS FROM EQUITY TRANSFERS

Following the establishment of the agency on 1 January 2004, the agency took over the functions previously carried on by the Transport Safety Branch within the Ministry of Transport. The agency acquired at fair value the assets and liabilities of the Transport Safety Branch which are listed below:

**Assets**

- Cash at bank: $308,000
- Receivables: $–,000
- Property, plant and equipment (Note 10): $80,000

**Total Assets:** $388,000

**Liabilities**

- Employee benefits: $308,000
- Net assets transferred to agency (Note 13): $80,000

**Total Liabilities:** $388,000

**15. COMMITMENTS FOR EXPENDITURE**

(a) Capital Commitments

There are no capital commitments.

(b) Other Expenditure Commitments

Aggregate other expenditure contracted for at balance date and not provided for: $441,000

- Not later than one year: $441,000
- Later than one year but not later than five years: $–,000
- Later than five years: $–,000

**Total (including GST):** $441,000

(c) Operating Lease Commitments

Future non-cancellable operating lease

Rentals not provided for and payable: $2,556,000

- Not later than one year: $873,000
- Later than one year but not later than five years: $1,683,000
- Later than five years: $–,000

**Total (including GST):** $2,556,000

The agency leases its motor vehicles, computers and office accommodation.
16. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent Liabilities
The agency has no contingent liabilities as at balance date.

Contingent Assets
The agency has no contingent assets as at balance date.

17. BUDGET REVIEW

Net Cost of Services
The net cost of services for the six months ended 30 June 2004 was $10.047 million compared to the budget of $10.150 million, an underspending of $103,000.

- Employee related expenses at $4.452 million are slightly below the budget of $4.5 million.
- Other operating expenses at $5.526 million are also slightly below the budget of $5.556 million.

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

- Cash of $2.147 million will be used to pay accrued expenses and creditors.
- The higher receivables are due to Goods and Services Tax recoverable for June of $254,000.
- Accounts payable are higher than budget and will be paid out of cash reserves.

Cash Flows
Net cash flows from operations amounted $3.215 million of which $1.068 million was spent on property, plant and equipment with the balance to be used to pay creditors and accrued expenses.
### 18. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET COST OF SERVICES

<table>
<thead>
<tr>
<th>Description</th>
<th>$'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Cash flow from Operating Activities</td>
<td>3,215</td>
</tr>
<tr>
<td>Cash flows from Government/Appropriations</td>
<td>(10,164)</td>
</tr>
<tr>
<td>Acceptance by the Crown Entity of Employee Entitlements</td>
<td>(986)</td>
</tr>
<tr>
<td>Goods and Services Tax</td>
<td>254</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(111)</td>
</tr>
<tr>
<td>Increase in prepayments</td>
<td>113</td>
</tr>
<tr>
<td>Increase in receivables</td>
<td>149</td>
</tr>
<tr>
<td>Increase in creditors</td>
<td>(1,719)</td>
</tr>
<tr>
<td>Increase in provisions</td>
<td>(798)</td>
</tr>
<tr>
<td>Net Cost of Services</td>
<td>(10,047)</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>Description</th>
<th>$'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees’ entitlements and liabilities assumed by the Crown Entity (Note 5)</td>
<td>1,104</td>
</tr>
</tbody>
</table>

### 20. ADMINISTERED ASSETS AND LIABILITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>$'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administered Assets</td>
<td></td>
</tr>
<tr>
<td>Receivables (1)</td>
<td>45</td>
</tr>
<tr>
<td>Total Administered Assets</td>
<td>45</td>
</tr>
<tr>
<td>Administered Liabilities</td>
<td></td>
</tr>
<tr>
<td>Payables (1)</td>
<td>45</td>
</tr>
<tr>
<td>Total Administered Liabilities</td>
<td>45</td>
</tr>
</tbody>
</table>

(1) Receivables and payables relate to Crown revenue (rail accreditation fees) not yet collected.

### 21. ADMINISTERED REVENUE

<table>
<thead>
<tr>
<th>Description</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>CROWN REVENUE</td>
<td></td>
</tr>
<tr>
<td>Rail operators accreditation fees</td>
<td>–</td>
</tr>
</tbody>
</table>
22. ADMINISTERED REVENUE – SCHEDULE OF UNCOLLECTED AMOUNTS

<table>
<thead>
<tr>
<th>30 Days $’000</th>
<th>90 Days $’000</th>
<th>Total $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>45</td>
<td>45</td>
<td></td>
</tr>
</tbody>
</table>

23. FINANCIAL INSTRUMENTS

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

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

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

(a) Interest Rate Risk
Interest rate risk is the risk that the value of the financial instruments will fluctuate due to changes in market interest rates. The exposure to interest rate risk and the effective interest rates of financial assets and liabilities both recognised and unrecognised at 30 June 2004 are as follows:

Notes to and Forming Part of the Financial Statements for the period from 1 January 2004 to 30 June 2004
23. Financial Instruments continued

<table>
<thead>
<tr>
<th>Financial Instruments</th>
<th>Floating Interest Rate 2004 $'000</th>
<th>Non-Interest Bearing 2004 $'000</th>
<th>Total carrying amount as per Statement of Financial Position $'000</th>
<th>Weighted average effective interest rate 2004 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>2,147</td>
<td>–</td>
<td>2,147</td>
<td>3.42</td>
</tr>
<tr>
<td>Receivables</td>
<td>–</td>
<td>560</td>
<td>560</td>
<td>–</td>
</tr>
<tr>
<td>Total</td>
<td>2,147</td>
<td>560</td>
<td>2,707</td>
<td></td>
</tr>
<tr>
<td>Financial Liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td>–</td>
<td>1,876</td>
<td>1,876</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>–</td>
<td>1,876</td>
<td>1,876</td>
<td></td>
</tr>
</tbody>
</table>

(b) Credit Risk

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

24. IMPACT OF THE IMPLEMENTATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The agency will apply the Australian Equivalents to International Financial Reporting Standards (AIFRS) from the reporting period beginning 1 July 2005.

As part of the service level agreement the Ministry of Transport is assisting the agency to manage the transition to the new standards.

It is expected that the implementation of the AIFRS will not have a significant impact on the financial statements of the agency.

END OF AUDITED FINANCIAL STATEMENTS
Contents

Accredited Operators of Railways in NSW ................................................................. 98
Legal Changes ........................................................................................................... 99
Human Resources ...................................................................................................... 99
Equal Employment Opportunity ............................................................................ 100
Consultants ................................................................................................................ 101
Significant Committees .............................................................................................. 101
Grants to Non-Government Organisations .............................................................. 101
Research and Development ..................................................................................... 101
Major Works in Progress ........................................................................................... 101
Occupational Health and Safety ............................................................................... 101
Waste .......................................................................................................................... 101
Government Energy Management Policy ................................................................. 101
Action Plan for Women .............................................................................................. 101
Land Disposal ........................................................................................................... 101
Publications ................................................................................................................ 101
Overseas Visits .......................................................................................................... 101
List of Major Assets .................................................................................................. 101
Annual Report Production Costs ............................................................................... 101
Code of Conduct ......................................................................................................... 102
Performance and Number of Executive Officers ...................................................... 109
Privacy Management Plan ......................................................................................... 111
Credit Card Certification by Chief Executive ........................................................... 111
Disability Plan ........................................................................................................... 111
Risk Management and Insurance Activities ............................................................. 111
Ethnic Affairs Priorities Statement .......................................................................... 111
Freedom of Information ............................................................................................ 111
Principal Legislation Administered by ITSRR .......................................................... 111
Response to Significant Issues Raised by the Auditor-General .................................. 111
Exemptions .................................................................................................................. 111
Payment of Accounts ................................................................................................. 112
Time for Payment of Accounts .................................................................................. 112
## ACCREDITED OPERATORS OF RAILWAYS IN NSW

The code after the name of each railway is used as part of the unique alphanumeric identifier for Certificates of Competency to be issued by the accredited railways.

Guidelines for the Certification of Competency can be viewed at the ITSRR website at: www.transportregulator.nsw.gov.au

<table>
<thead>
<tr>
<th>Operator Name</th>
<th>Code</th>
<th>Website</th>
</tr>
</thead>
<tbody>
<tr>
<td>3801 Limited</td>
<td>3801</td>
<td>Manildra Group</td>
</tr>
<tr>
<td>ABB Australia Pty Ltd</td>
<td>ABB</td>
<td>Melaleuca Station</td>
</tr>
<tr>
<td>Airport Link Pty Ltd</td>
<td>AL</td>
<td>Millennium Parklands Railway</td>
</tr>
<tr>
<td>Alstom Australia Ltd</td>
<td>AAT</td>
<td>New England Railway Inc</td>
</tr>
<tr>
<td>ATN Access Pty Ltd</td>
<td>ATN</td>
<td>Northern Rivers Railroad Pty Ltd</td>
</tr>
<tr>
<td>Australia Southern Railroad</td>
<td>ASR</td>
<td>NSW Rail Transport Museum</td>
</tr>
<tr>
<td>Australian Rail Track Corporation</td>
<td>ARTC</td>
<td>OneSteel Manufacturing</td>
</tr>
<tr>
<td>Australian Railway Historical Society (ACT Div)</td>
<td>ARHS</td>
<td>Pacific National Pty Ltd</td>
</tr>
<tr>
<td>Australian Traction Corporation Ltd</td>
<td>ATC</td>
<td>Pacific Rail Engineering Pty Ltd</td>
</tr>
<tr>
<td>Barclay Mowlem Construction Limited</td>
<td>BMCL</td>
<td>Parramatta Rail Link Co Pty Ltd</td>
</tr>
<tr>
<td>Bishop Austrans Pty Ltd</td>
<td>BAP</td>
<td>Patrick Rail Operations Pty Ltd</td>
</tr>
<tr>
<td>Blue Circle Southern Cement</td>
<td>BCSC</td>
<td>Perisher Blue Pty Ltd</td>
</tr>
<tr>
<td>Blue Scope Steel (AIS) Pty Ltd</td>
<td>BSS</td>
<td>Powerhouse Museum</td>
</tr>
<tr>
<td>Bradken Rail Mittagong</td>
<td>BRM</td>
<td>Rail Fleet Services Limited</td>
</tr>
<tr>
<td>Campbelltown Steam Museum</td>
<td>CSM</td>
<td>Rail Infrastructure Corporation</td>
</tr>
<tr>
<td>Cargill Australia Ltd</td>
<td>CAL</td>
<td>RailCorp</td>
</tr>
<tr>
<td>Chicago Freight Car Leasing Australia Pty Ltd</td>
<td>CFCL</td>
<td>Regional Heritage Transport Association, Junee</td>
</tr>
<tr>
<td>Connex Sydney Pty Ltd – Light Rail</td>
<td>CONL</td>
<td>Richmond Vale Railway Museum</td>
</tr>
<tr>
<td>Connex Sydney Pty Ltd – Monorail</td>
<td>CONM</td>
<td>South Maitland Railways Pty Ltd</td>
</tr>
<tr>
<td>Cooma-Monaro Railway Inc</td>
<td>CMR</td>
<td>South Spur Rail Services Pty Ltd</td>
</tr>
<tr>
<td>CRT Rail Operations Pty Ltd</td>
<td>CRT</td>
<td>Southern Shorthaul Railroad</td>
</tr>
<tr>
<td>Dorrigo Steam Railway &amp; Museum Limited</td>
<td>DSRM</td>
<td>Speno Rail Maintenance Australia Pty Ltd</td>
</tr>
<tr>
<td>EDI Rail Pty Ltd</td>
<td>EDI</td>
<td>Star City Pty Ltd</td>
</tr>
<tr>
<td>Fluor Australia Pty Ltd</td>
<td>FAP</td>
<td>State Rail Authority</td>
</tr>
<tr>
<td>Freight Australia</td>
<td>FA</td>
<td>Sydney Tramway Museum</td>
</tr>
<tr>
<td>Glenreagh Mountain Railway Inc</td>
<td>GMR</td>
<td>Taylor Rail Track Pty Ltd</td>
</tr>
<tr>
<td>Goulburn Crookwell Heritage Railway Inc</td>
<td>GCHR</td>
<td>The Rail Motor Society Inc</td>
</tr>
<tr>
<td>GrainCorp Operations Ltd</td>
<td>GOL</td>
<td>The Silverton Tramway Company Ltd</td>
</tr>
<tr>
<td>Great South Pacific Express</td>
<td>GSPE</td>
<td>Thiess Hochtief Joint Venture</td>
</tr>
<tr>
<td>Great Southern Railway Ltd</td>
<td>GSR</td>
<td>Timbertown Heritage Steam Railway Pty Ltd</td>
</tr>
<tr>
<td>Heggies Bulkhaul Ltd</td>
<td>HBH</td>
<td>Transfield Services Australia</td>
</tr>
<tr>
<td>Historic Electric Traction</td>
<td>HET</td>
<td>United Goninan Ltd</td>
</tr>
<tr>
<td>Illawarra Light Railway Museum Society Ltd</td>
<td>ILR</td>
<td>Valley Heights Steam Tramway</td>
</tr>
<tr>
<td>Interail Australia</td>
<td>INT</td>
<td>V/Line Passenger Pty Ltd</td>
</tr>
<tr>
<td>John Holland Pty Ltd</td>
<td>JH</td>
<td>Westinghouse Signals Australia</td>
</tr>
<tr>
<td>Lachlan Valley Rail Freight</td>
<td>LVRF</td>
<td>Works Infrastructure Pty Ltd</td>
</tr>
<tr>
<td>Lachlan Valley Railway Society Co-op Ltd</td>
<td>LVR</td>
<td>Zig Zag Railway Co-op Ltd</td>
</tr>
<tr>
<td>Lithgow State Mine Railway</td>
<td>LSMR</td>
<td></td>
</tr>
</tbody>
</table>
LEGAL CHANGES

The following Acts were amended:

- Rail Safety Act 2002 and regulations made under that Act;
- Passenger Transport Act 1990;

The above three Acts were amended by the Transport Legislation Amendment (Safety and Reliability Act) 2003 which was assented to on 20 November 2003 and commenced on 1 January 2004.

This amending Act established ITSRR and put in place an enhanced and better coordinated safety and reliability regulatory framework for passenger transport services.

The Transport Administration Act was also amended by the Transport Administration Amendment (New South Wales and Commonwealth Rail Agreement) Act 2004 which facilitated the leasing of the country interstate rail network to ARTC. This Act commenced on 1 June 2004.

The Rail Safety (General) Amendment (Health and Fitness Standards) Regulation 2004 (GG No 77 of 30.4.2004, p 2238) was also made this year to ensure that rail operators, with respect to the health and fitness of their railway employees, comply with any guidelines issued by ITSRR under the Act. On 7 May 2004, ITSRR gazetted the Rail Safety (Health Assessment) Guideline 2004 No 1 which specify standards for the health and fitness of railway employees.

HUMAN RESOURCES

On 1 January 2004, 37 staff were transferred from the Ministry of Transport to the new Independent Transport Safety and Reliability Regulator.

The focus of the human resource function for the initial six months was recruitment and training. Some 27 new appointees had commenced with ITSRR by 30 June 2004.

A training plan was developed based on an extensive training needs analysis and implementation is continuing.

<table>
<thead>
<tr>
<th>Level</th>
<th>Total staff</th>
<th>Respondents</th>
<th>Men</th>
<th>Women</th>
<th>Aboriginal People &amp; Torres Strait Islanders</th>
<th>People from Racial, Ethnic, EthnoReligious Minority Groups</th>
<th>People Whose Language First Spoken as a Child was not English</th>
<th>People with a Disability</th>
<th>Work related Adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; $30,146</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>$30,146 - $39,593</td>
<td>0</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>$39,594 - $44,264</td>
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<td>1</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
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<td>$44,265 - $56,012</td>
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<td>0</td>
<td>0</td>
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<td>0</td>
</tr>
<tr>
<td>$56,013 - $72,434</td>
<td>9</td>
<td>8</td>
<td>1</td>
<td>8</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>0</td>
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<tr>
<td>$72,435 - $90,543</td>
<td>23</td>
<td>23</td>
<td>19</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>&gt; $90,543 (non SES)</td>
<td>24</td>
<td>20</td>
<td>18</td>
<td>6</td>
<td>1</td>
<td>1</td>
<td>5</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>&gt; $90,543 (SES)</td>
<td>7</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>TOTAL</td>
<td>64</td>
<td>57</td>
<td>42</td>
<td>22</td>
<td>8</td>
<td>9</td>
<td>8</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

Number of staff by category
EQUAL EMPLOYMENT OPPORTUNITY

Major EEO outcomes were achieved through various actions in establishing the new organisation. All position descriptions written included specific EEO accountabilities. Other actions included:

- substantial merit based recruitment of the new appointees (permanent and temporary) during the initial six months, of whom 43% were women;
- implementing an initial Code of Conduct and Ethics establishing appropriate behavioural standards. The implementation was supported by targeted training that included issues of EEO and harassment. All new staff are inducted through this process.
- engaging and promoting the existence of an Employee Assistance Program to provide advice and counselling on work and personal issues.

<table>
<thead>
<tr>
<th>Trends in the Representation of EEO Groups</th>
<th>Benchmark or Target</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>EEO Group</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Women</td>
<td>50%</td>
<td>34%</td>
</tr>
<tr>
<td>Aboriginal people and Torres Strait Islanders</td>
<td>2%</td>
<td></td>
</tr>
<tr>
<td>People whose first language was not English</td>
<td>20%</td>
<td>15%</td>
</tr>
<tr>
<td>People with a disability</td>
<td>12%</td>
<td>15%</td>
</tr>
<tr>
<td>People with a disability requiring work-related adjustment</td>
<td>7%</td>
<td>5.9%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Trends in the Distribution of EEO Groups</th>
<th>Benchmark or Target</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>EEO Group</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Women</td>
<td>100</td>
<td>91</td>
</tr>
<tr>
<td>Aboriginal people and Torres Strait Islanders</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>People whose first language was not English</td>
<td>100</td>
<td>n/a</td>
</tr>
<tr>
<td>People with a disability</td>
<td>100</td>
<td>n/a</td>
</tr>
<tr>
<td>People with a disability requiring work-related adjustment</td>
<td>100</td>
<td>n/a</td>
</tr>
</tbody>
</table>

1. Staff numbers are as at 30 June.
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.
CONSULTANTS
There were no consultancy engagements.

SIGNIFICANT COMMITTEES
Nil

GRANTS TO NON-GOVERNMENT ORGANISATIONS
Nil

RESEARCH AND DEVELOPMENT
Nil

MAJOR WORKS IN PROGRESS
Nil

OCCUPATIONAL HEALTH AND SAFETY
There was one reported injury during the first six months of operation. There was no time lost due to injuries during this period.

As a new organisation an OH&S Committee was established and a periodic workplace inspection program commenced.

A process of risk assessment was also commenced. A specific category to be included in this is occupational health and safety risks with strategies to be developed to mitigate these.

WASTE
On commencement recycling strategies were immediately implemented. Purchases of recycled paper and other office supplies has also been given priority.

GOVERNMENT ENERGY MANAGEMENT POLICY
An extensive review is planned on actions to maximise energy efficiency.

ACTION PLAN FOR WOMEN
As a new organisation the focus has been on the recruitment and training. The essential elements of equity and fairness have underpinned these actions. The new recruitment program resulted in 55% of the appointees being women. Action is now underway to develop actions to provide ongoing support for the employment of women.

LAND DISPOSAL
Nil

PUBLICATIONS
ITSRR
Publication 1

OTSI
Publications 3

OVERSEAS VISITS
Nil

LIST OF MAJOR ASSETS
Nil

ANNUAL REPORT PRODUCTION COSTS
Seventy hard copies have been produced at a cost of $1,700 and 200 disc copies at a cost of $1,450.
**Code of Conduct**

A new Code of Conduct and Ethics was established. The content was developed to provide a comprehensive reference for staff on expectations and work requirements as follows:

**POLICY STATEMENT**

The Code applies to all staff and officers of the Independent Transport Safety and Reliability Regulator ("Officers") which includes members of the Independent Transport Safety and Reliability Advisory Board ("Board Members"), contractors, staff seconded from other organisations, temporary staff and consultants.

The Independent Transport Safety and Reliability Regulator ("ITSRR") places paramount importance on integrity, probity and the promotion of a positive and responsive attitude.

This Code sets out the principles you are expected to uphold, and prescribes specific conduct in areas considered central to the exercise of ITSRR’s functions. It also provides an ethical framework for the way in which the ITSRR operates.

ITSRR was established to facilitate the safe operation of transport services in New South Wales. As the peak agency for regulation of transport services, it has a number of principal functions including the provision of strategic co-ordination of safety regulation by transport authorities in relation to transport services and owners and operators of transport services.

ITSRR is constituted under section 42B of the Transport Administration Act 1988 as a statutory authority with its principle statutory functions and duties arising under that Act, the Rail Safety Act 2002, the Passenger Transport Act 1990 and the Marine Safety Act 1998. Whilst ITSRR is established within the Transport Services portfolio, it is independent of the Minister in respect of its key Regulatory functions. Governance processes incorporate legislative requirements to report on accidents and incidents, and on industry safety and reliability performance to the Minister, who is obliged to table such reports in both Houses of the Parliament.

In carrying out their duties, individuals employed as officers of ITSRR are expected to:

• the obligation to have due regard to the impact of your professional and personal conduct on ITSRR’s standing and reputation;

• your undertaking to ensure confidentiality in respect of the business of ITSRR;

• your agreement to refer requests for comment concerning ITSRR’s business to the appropriate spokesperson;

• the obligation to carry out your work impartially, with integrity and in the best interests of ITSRR;

• you must be accountable for your work, and keep full and accurate records;

• approaching your work in an impartial and objective manner and dealing with decisions in a timely fashion;

• dealing with all persons in the course of your work without discrimination or harassment;

• you must act ethically, mindful of the matters contained in this Code. When faced with an ethical dilemma, ask yourself the following questions:
  – is it lawful;
  – is it consistent with ITSRR’s values, principles and policies;

"… exhibit independence, rigour and excellence in carrying out regulatory and investigative functions … and to promote safety and reliability as fundamental objectives in the delivery of transport services.”

(Section 42C(2))

The Code will be reviewed regularly, and updated and expanded to reflect changes both within and outside ITSRR.

**WHAT PRINCIPLES GUIDE THE CODE OF CONDUCT?**

The Code of Conduct is guided by the following principles, which should also assist you in guiding your conduct and informing decisions made in your day to day work:

• the obligation to have due regard to the impact of your professional and personal conduct on ITSRR’s standing and reputation;

• your undertaking to ensure confidentiality in respect of the business of ITSRR;

• your agreement to refer requests for comment concerning ITSRR’s business to the appropriate spokesperson;

• the obligation to carry out your work impartially, with integrity and in the best interests of ITSRR;

• you must be accountable for your work, and keep full and accurate records;

• approaching your work in an impartial and objective manner and dealing with decisions in a timely fashion;

• dealing with all persons in the course of your work without discrimination or harassment;

• you must act ethically, mindful of the matters contained in this Code. When faced with an ethical dilemma, ask yourself the following questions:
  – is it lawful;
  – is it consistent with ITSRR’s values, principles and policies;
do I think it’s the right thing to do;
what will the consequences be for my colleagues, ITSRR, other parties, and me;
can I justify my actions;
is there a conflict of interest or could the decision lead to a personal gain at public expense;
can the decision be justified in terms of the public interest and would it withstand public scrutiny,
if uncertain still about what course of action to take, advice should be sought from another appropriate officer of ITSRR.

The following sections of the Code provide detailed guidance on how you are expected to apply these principles in practice.

**EMPLOYMENT**

**What does my employment contract require?**

You are expected to perform the duties described in your position description promptly and efficiently and as required by law. You must also comply with any reasonable instructions from your supervisor or manager.

You have an obligation to be aware of and comply with this Code of Conduct, procedures and manuals implemented by ITSRR.

Officers should be continually alert to their individual employment obligations to ensure they are acting ethically, responsively and productively.

**Prescribed medication and other drugs**

You must advise your supervisor or manager in the event that you are taking prescribed medication that could affect the performance of your work.

You must not attend work if you are under the influence of any illegal drug or prohibited substance.

You must not use, keep or sell any illegal drugs at work or at any work location.

**Occupational Health and Safety**

ITSRR has an obligation to ensure your health, safety and welfare. Similarly, you have an obligation to ensure your own safety as well as the safety of your fellow officers.

You are required to advise your supervisor or manager of any risks to health or safety of which you become aware.

**Alcohol**

You must not attend work if your blood alcohol content is greater than 0.02g of alcohol per 100mg of blood. All officers are required to comply with ITSRR’s drug and alcohol policy.

**Criminal charges**

You must advise your supervisor or manager if you have been charged with or convicted of any criminal offence. The report of such information will be kept confidential.

**Attendance**

You are required to attend work in accordance with the hours and days advised in your contract of employment. If you are unable to attend work for any reason, you must advise your supervisor or manager.

All applications for leave shall be directed to your manager or supervisor.

**Appearance**

You are required to be neat, clean and tidy when reporting for duty.

You must use personal protective equipment provided to you and inform yourself of and comply with the instructions and circumstances for its use.

**What are my obligations regarding employment outside ITSRR?**

You may not have or take a second job or carry out any business outside of your official duties which may affect your ability to perform your duties.

You must obtain the approval of the Chief Executive to take a second job or carry on a business.

You must obtain approval from the Chief Executive to undertake voluntary work for accredited transport operators.

You must declare to your manager if you are undertaking any voluntary work which may affect your ability to perform your duties.
What are my obligations to ITSRR when I leave to work elsewhere?

If you have been offered, and intend to accept, a position with close or sensitive links to work you perform for ITSRR, you should advise your supervisor or manager as soon as possible so that any conflict or potential conflict of interest can be managed.

You must maintain confidentiality of ITSRR’s business in accordance with your undertaking which is described in greater detail at clause 11.

CONDUCT

What personal and professional behaviour is expected of ITSRR officers?

All officers must maintain an appropriate professional standard of behaviour. This means that you must:

• treat members of the public, officers of ITSRR and other public officials with respect, courtesy, honesty and fairness, and have proper regard to their interests, rights, safety, health and welfare;
• ensure that your work habits, behaviour and personal and professional relationships at the workplace contribute to a harmonious and productive work environment;
• treat the affairs of ITSRR and fellow officers with confidentiality (an allowable exception to confidentiality, protected disclosure, is described in greater detail at clause 11);
• perform your work honestly, diligently and with commitment;
• make decisions in a fair and timely manner, complying with all rules, procedures and policies (and where in doubt, seek advice from your supervisor or manager);
• fulfil your obligation to keep detailed and accurate records;
• comply with the legal and regulatory requirements applicable to the ITSRR (and if in doubt, consult with your supervisor or manager);
• recognise and respect individual and cultural differences amongst staff, the rest of the public sector and the community, value diversity of thought, experience and skills;
• not engage in discrimination or harassment;
• observe common courtesies and etiquette in terms with day to day relationships with other staff;
• comply with ITSRR’s Drug and Alcohol Policy; and
• uphold the values of ITSRR and not act in a way that will bring ITSRR into disrepute.

A conflict of interest exists when:

• you have a private interest that influences the way in which you carry out your duties at work;
• a reasonable person could consider that a private interest influences the way you carry out your duties at work; and
• a colleague, friend or family member has a private interest that could lead you to be influenced in the way you carry out your duties at work.

If the public interest that you serve comes into conflict with a private interest that you may have, then the conflict must be managed in such a way as to ensure public faith in the process of Government. The public interest must come first on all such occasions.

When you commence employment with ITSRR, you must make a declaration of your interests and whenever new interests emerge. These declarations should be checked at regular intervals or whenever changes in your interests occur. Board members are required to make appropriate declarations of interests upon appointment as members and as interests emerge.

You should advise your supervisor or manager if you become aware of a conflict of interest or potential conflict of interest. If in any doubt, seek advice from your supervisor or manager, Corporate Counsel or the Director of Business Services.

Where might I face a conflict of interest, and how do I deal with it?

You must ensure that your private interests do not conflict with the performance of your duties at work.
What if I am offered gifts, benefits or bribes?
You must never ask for any money, gifts or benefit in relation to your employment. Similarly, you must never accept any offer of money in relation to your employment. An officer doing so may be found guilty of the common law offence of bribery and such conduct may also be an offence under the Crimes Act 1900 or the Independent Commission Against Corruption Act 1988.

The acceptance of gifts and other benefits has the potential to compromise your position by creating a sense of obligation in the receiver and so undermining your impartiality. It may also affect the public perception of the integrity and independence of ITSRR and its officers. As a general rule such offers should be declined.

There are some circumstances when to refuse a gift would be perceived as rude or offensive. You must exercise sound judgement when deciding whether or not to accept a gift or other benefit. For example:

• you must decline any offer from an individual or organisation you know to be the subject of an investigation by ITSRR, or the subject of a complaint to, or report by, ITSRR;
• you must decline any offer which is individually targeted and not available to colleagues or associates who share a common task and purpose. For example, you may accept a modest lunch which is offered to a working group, but should pay for your own when you are the only person to whom an offer is made;
• you may accept an item which relates to the work of ITSRR, such as a book on a relevant topic, but you must refuse items which are unrelated to your work; and
• you may accept a gift, benefit, travel or hospitality only if it is of a token kind.

Token gifts, benefits, travel or hospitality are things which are not worth much, for example: light refreshments at a work function; pencils or pens; note pads. If you are in doubt that attending a function or receiving any other benefit provides only a token measure you should consult with your manager and obtain approval of an Executive Director or CEO prior to receiving the benefit.

If you are in any doubt regarding the value of a gift or benefit, or whether a gift or benefit is token or not, do not accept it.

If you have been approved to speak officially at functions, where possible, you should notify your host in advance of the occasion that it is inappropriate to offer gifts, benefits or rewards. For further information see ITSRR Policy on Public Comment and Media Enquiries.

You must ensure that records are kept of any gifts or other benefits of more than token value that have been offered or received. This may be done by filling out the Register of Gifts and other Benefits maintained by Corporate Counsel.

You should inform your supervisor or manager as soon as possible if such an event occurs, preferably in writing. Any evidence of an unsolicited gift should not be destroyed as it may be important. If you believe that you or a colleague have been offered a bribe, you must provide a detailed written report to ITSRR immediately that you have become aware of this.

You may obtain further guidance on this subject by reading “Gifts, Benefits or Just Plain Bribes? Guidelines for Public Sector Agencies and Officials”, published by the Independent Commission Against Corruption in June 1999.

What are my obligations in using Public Resources?
ITSRR’s resources can be generally categorised into three areas: equipment; people; and finances.

All three are funded by public monies. Because they are publicly funded, the use of those resources needs to be both efficient and appropriate. Whilst seeking to ensure that ITSRR’s resources are directed toward the performance of public duty, ITSRR allows some flexibility in these areas.

In general terms, equipment resources are provided for the
work of ITSRR, however, a limited degree of private use may be acceptable. For example, staff may utilise non mobile phones and facsimile machines for private use if that use is short, infrequent and does not interfere with the work of ITSRR.

Can I participate in political activities?
Your right to participate in party political activities as an individual is recognised by ITSRR, provided you do so in a private capacity and provided you do not allow a conflict of interest to arise.

In participating in any political activity, you must ensure that:

• any comment or discussion does not cast doubt on your ability or willingness to implement ITSRR policies and guidelines objectively;
• you do not participate in private political activities in the work environment;
• you do not use ITSRR resources to assist you in your personal political activities;
• you do not use information obtained through your work at ITSRR to assist your political activities, or make such information known to any other person; and
• you do not misrepresent the position of ITSRR on any issue, or allow ITSRR’s position to be misrepresented.

It is your obligation to take all reasonable steps to ensure that any such involvement is understood to represent your personal views as a private citizen.

It is also your responsibility to ensure that your supervisor or manager is made aware of any political association that may affect, or be possibly seen to affect, a matter that you encounter in your day to day work.

INFORMATION
What obligations are there on my use of ITSRR information?
You are required to maintain confidentiality in relation to all information acquired in the course of your employment with ITSRR other than as required by law or in respect of information that is generally available to the public.

You undertake to abide by the secrecy and confidentiality provisions of the Transport Administration Act 1988 and the Rail Safety Act 2002 and any other relevant legislation. You must keep confidential information that is disclosed to you or of which you become aware in the course of your employment or engagement with ITSRR in accordance with your Confidentiality Undertaking.

You must not use information to gain a personal or commercial advantage for yourself or another person.

ITSRR files and other confidential documents and information are not to be removed from the premises except in accordance with ITSRR’s security policies and procedures. If in any doubt as to how to manage or secure sensitive material, please contact your supervisor or manager.

Confidentiality
If you leave ITSRR to work elsewhere, you are obliged by the Act and your Confidentiality Undertaking to preserve the confidentiality of information that you have come across in your work, and you should respect ITSRR’s intellectual property rights over material produced by ITSRR.

Unless otherwise authorised, when you cease duty with ITSRR, you cannot take any in-house resources such as manuals, processes and materials produced as official functions of ITSRR, or download information. These are the property of ITSRR.

You should treat the affairs of the ITSRR and fellow officers with confidentiality. An exception to this principle will arise where you are compelled by law to deliver confidential information to a court, authority or agency, or to a third party where disclosure is in the public interest as set out in the Protected Disclosures Act 1994.

Non Disclosure of Personal Information
In addition to confidential information, officers must not use or disclose personal information relating to an identifiable person without having the authority to do so for legitimate purposes. For further information relating to legislative requirements applicable
to the handling of personal information, see the Corporate Counsel.

HOW SHOULD I RESPOND IF ASKED TO PUBLICLY COMMENT ON ITSRR’S WORK?

You must refer all requests for public comment to the Manager – Strategic Communications or other such officers as are authorised to make public comment on behalf of ITSRR.

The unauthorised or improper release of information to the media may have the effect of compromising an investigation or undermining public confidence in ITSRR.

Even in the event that you do not provide any information to the person seeking public comment, you should advise the Manager – Strategic Communications of any approaches from the media for information or comment.

You are entitled to make personal comment on issues of public and social interest. You should ensure, however, that your personal views are not presented or interpreted as official comment.

If you are aware that comments you have made socially or inadvertently may be used to harm ITSRR’s reputation or compromise its work, you should notify your supervisor or manager or the Manager – Strategic Communications immediately.

ACCOUNTABILITY AND ENFORCEMENT.

What if I become aware of, or suspect, corrupt conduct inside ITSRR?

If you are aware of, or suspect, corrupt conduct at ITSRR, you must promptly report such conduct. The report can be made direct to your supervisor or manager, or alternatively to the Corporate Counsel or the Chief Executive Officer.

If the report concerns your supervisor, then it may be reported direct to the Corporate Counsel or the Chief Executive Officer.

If the report concerns the Corporate Counsel, it may be reported direct to the Chief Executive Officer.

If the report concerns the Chief Executive Officer, it may be reported to the Corporate Counsel.

Cases of suspected corrupt conduct can also be reported to the Independent Commission Against Corruption, maladministration can be reported direct to the NSW Ombudsman, whilst matters of serious and substantial waste can be reported direct to the Audit Office.

Officers who report suspected corrupt conduct are not to be disadvantaged or discriminated against for making such a report.

Officers who report suspected corrupt conduct must make sure that the information provided in their report is accurate and not false and misleading.

Protected disclosures

It is an offence to take detrimental action against a person in reprisal for making a protected disclosure, which conforms with the Protected Disclosures Act 1994.

For further advice on this issue and how to make a protected disclosure, refer to Corporate Counsel.

HOW WILL THIS CODE OF CONDUCT BE ENFORCED?

This Code contains principles expected to be upheld, and conduct to be undertaken, by officers of ITSRR. Breach of the Code may result in disciplinary action including counselling, official notification of unsatisfactory performance, dismissal or prosecution.

Matters for which disciplinary action may be taken against an employee include:

Misconduct involving deliberate acts such as:

- theft of property
- breaches of the Code of Conduct and Ethics
- acts in contravention of established policies
- harassment
- physical or sexual assault
- destruction of official records or making false entries in such records
• unauthorised use of technology (eg. the internet)
• unauthorised use of cars or other property
• unauthorised or unacceptable absence from the workplace
• negligence, carelessness, inefficiency or incompetence on the discharge of duties;
• disobeying or wilfully disregarding any lawful request, direction or order given in the course of employment by any person having the authority to do so; and
• serious criminal offence (one which is punishable by imprisonment for six (6) months or longer).

Disciplinary options available include:
• caution or reprimand
• regression or reclassification
• suspension with or without pay
• dismissal
• transfer

Throughout the disciplinary process the principles of procedural fairness must be followed:
• a person must be made aware of each complaint/incident that is the subject of an investigation to determine if the disciplinary action is warranted;
• a person should have an opportunity to put his or her case forward;
• a person found guilty of a breach of discipline (other than a caution or a reprimand) should be given a separate opportunity to make representations in relation to what punishment (if any) should be imposed upon them; and
• the person conducting the investigation must not prejudice the issues and must act fairly and without bias at all times.

As individuals, you are responsible for your own acts and omissions. In the event that you witness or become aware of unsatisfactory acts or omissions by other officers, an obligation rests with you to report the act or omission to your supervisor or manager or to the Corporate Counsel.

It is the responsibility of supervisors and managers to ensure that officers under their control understand their duties, know what expectations are placed upon them and that their performance is continually reviewed.

In the event that you are unsure of any aspect of this Code or require clarification in respect of any issue contained in the Code, you must consult your supervisor or manager or the Manager of Business Services.
PERFORMANCE AND NUMBER OF EXECUTIVE OFFICERS

<table>
<thead>
<tr>
<th>SES LEVEL</th>
<th>Number of Officers 2004</th>
<th>Number of Female staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>3</td>
<td>2</td>
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</tr>
<tr>
<td>4</td>
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<td>1</td>
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<td>5</td>
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<tr>
<td>6</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>8</td>
<td>4</td>
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</tbody>
</table>

STATEMENT OF PERFORMANCE AND PAY FOR SES OFFICERS LEVEL 5 AND ABOVE.

ITSRR

Name: Carolyn Walsh
Title: Chief Executive
Remuneration: $225,000
Level: SES Level 6
Performance Pay: Nil

Performance Achievements:

- successfully managed the establishment of ITSRR as an independent Statutory Authority from 1 January 2004. Specific achievements include:
  - developed the organisation’s first Corporate Plan and performance management system;
  - put in place the organisational structure and operating arrangements for the new Authority;
  - commenced an extensive recruitment program and learning and development program to support the new regulatory model, while ensuring that existing activities for safety accreditation and audit functions were maintained;
  - established the ITSRR Advisory Board to provide safety critical expertise in reviewing accreditation applications and investigations findings;
  - established appropriate corporate governance arrangements and business systems to manage the Authority’s affairs;
  - worked constructively with the Special Commission of Inquiry into the Waterfall Accident on terms 2 and 3 of the Inquiry; and
  - developed the draft National Rail Accreditation Package on behalf of National Regulators Panel to be used as the standard for rail accreditation in NSW and interstate.
ITSRR

Name: Kent Donaldson
Title: Executive Director, Transport Safety Regulation
Remuneration: $210,000
Level: SES Level 5
Performance Pay: Nil

Performance Achievements:

Successfully managed the Accreditation, Audit and Compliance, Safety Strategy and Safety Projects functions. Specific achievements include:

- implemented enhanced regulatory model;
- established project for the development of industry guidelines for the introduction of safety management systems for buses and ferries;
- reviewed and progressed Australian Rail Track Corporation accreditation;
- developed NSW position on a national approach to rail communications and with ARA/NTC, initiated project to develop national framework for rail communications;
- monitoring and reviewing implementation of Waterfall recommendations;
- initiated compliance investigations into rail incidents;
- established and implemented a standard for health assessments for rail safety workers;
- reviewed emergency evacuation standards;
- reviewed safety risks in relation to accreditation by operators.

OTSI

Name: Paul O’Sullivan
Title: Chief Investigator, Office of Transport Safety Investigations
Remuneration: $200,000
Level: SES Level 5
Performance Pay: Nil

Performance Achievements:

Successfully managed the Office of Transport Safety Investigations to investigate serious accidents and incidents on the rail, bus and ferry passenger service networks, together with incidents involving freight, equipment and infrastructure of other commercial operations.

The Chief Investigator reports directly to the Chairperson of the Independent Transport and Reliability Advisory Board. Specific achievements include:

- established policy and procedures in relation to the Conduct of Investigations, Emergency Response Plan, Transport Incident Centre Co-ordination and the Relationship with the Transport Safety Regulation Division of ITSRR;
- initiated an industry and stakeholder education program on the role, requirements and modus operandi of OTSI;
- established reporting and investigation procedures for notifiable accidents and incidents;
- initiated investigations into serious rail, bus and ferry accidents;
- reviewed operator investigation reports into their internal investigations;
- implemented the Confidential Safety Information Reporting Scheme and disseminated information packs about its operation to industry;
- conducted interviews for, and recruited, managerial staff for the Office and selected interview panels for the remaining investigator positions;
- designed an internal induction and training program for all staff;
- contributed to the development and population of the Accident Investigation Management Database;
- monitored safety incidents in other jurisdictions for emerging trends and comparative analysis.
PRIVACY MANAGEMENT PLAN
As a new organisation considerations for Privacy Management were included in the initial Code of Conduct and Ethics. A comprehensive Privacy Management Plan is now being developed.

CREDIT CARD CERTIFICATION BY CHIEF EXECUTIVE
The CEO has certified that the use of credit cards was in accordance with Premier’s Memorandum and Treasurer’s Directions.

DISABILITY PLAN
Action taken included assessment of access arrangements for staff and contractors to the proposed office accommodation for ITSRR. Some 15% of ITSRR staff advised of the existence of a disability. ITSRR was able to facilitate work related adjustments for two employees.

RISK MANAGEMENT AND INSURANCE ACTIVITIES
ITSRR has undertaken a risk analysis process to identify risks and develop strategies to eliminate or mitigate these risks. A Corporate Governance Committee has been established with Senior Management membership. One of the roles of the Corporate Governance Committee is to oversee the assessment and management of risks that could jeopardise the achievement of ITSRR objectives. The Authority has established accounts with the Treasury Managed Fund for all insurance purposes.

ETHNIC AFFAIRS PRIORITIES STATEMENT
As a new organisation ITSRR has undertaken a broad based recruitment program with all opportunities advertised for the application by the general public and selection based on merit. ITSRR has also ensured that staff understand that discrimination against others in the course of their duties is not acceptable. Consideration of other strategies for ITSRR to fully meet its EAPS obligations are now underway.

FREEDOM OF INFORMATION
ITSRR received one FOI application in the period 1 January to 30 June 2004.

PRINCIPAL LEGISLATION ADMINISTERED BY ITSRR
These Acts are administered by the Minister for Transport.

RESPONSE TO SIGNIFICANT ISSUES RAISED BY THE AUDITOR-GENERAL
Nil

EXEMPTIONS
Nil
## 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>
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<tr>
<td>September</td>
<td>N.A.</td>
<td>N.A.</td>
<td>N.A.</td>
<td>N.A.</td>
<td>N.A.</td>
</tr>
<tr>
<td>December</td>
<td>N.A.</td>
<td>N.A.</td>
<td>N.A.</td>
<td>N.A.</td>
<td>N.A.</td>
</tr>
<tr>
<td>March</td>
<td>172</td>
<td>–</td>
<td>20</td>
<td>–</td>
<td>–</td>
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<tr>
<td>June</td>
<td>17</td>
<td>–</td>
<td>–</td>
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<td>2</td>
</tr>
</tbody>
</table>

## TIME FOR PAYMENT OF ACCOUNTS

Accounts paid on time within each quarter

<table>
<thead>
<tr>
<th>Total Accounts Paid on Time</th>
<th>Target %</th>
<th>Actual %</th>
<th>TotalAmount Paid $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Accounts Paid on Time</td>
<td></td>
<td></td>
<td>$’000</td>
</tr>
<tr>
<td>TotalAmount Paid $’000</td>
<td></td>
<td></td>
<td>$’000</td>
</tr>
<tr>
<td>September</td>
<td>N.A.</td>
<td>N.A.</td>
<td>N.A.</td>
</tr>
<tr>
<td>December</td>
<td>N.A.</td>
<td>N.A.</td>
<td>N.A.</td>
</tr>
<tr>
<td>March</td>
<td>100</td>
<td>92</td>
<td>2,856</td>
</tr>
<tr>
<td>June</td>
<td>100</td>
<td>86</td>
<td>4,692</td>
</tr>
</tbody>
</table>
Index

Accounts Payable Performance ................................... 112
Accredited Operators of Railways in NSW ................. 98
Action Plan for Women ............................................. 101
Advisory Board ..................................................... 6,10
Annual Report Details ............................................. 101
Appendices ............................................................. 97
Auditor-General’s Report ........................................... 76
Business Services .................................................. 23
Chairperson’s Report ............................................... 6
Charter ................................................................. 8
Chief Executive’s Report ......................................... 4
Code of Conduct .................................................... 102
Consultants ............................................................ 101
Contact Details ....................................................... 113
Corporate Plan ........................................................ 14
Credit Card Certification ............................................ 111
Disability Plan ......................................................... 111
Equal Employment Opportunity ............................... 100
Ethnic Affairs Priority Statement ............................... 111
Exemptions ............................................................ 111
Financial Statements .............................................. 79
Freedom of Information ............................................. 111
Goals .................................................................... 13
Government Energy Management Policy ................. 101
Grants to Non-Government Organisations ............... 101
Highlights .............................................................. 7
Human Resources .................................................... 99
Industry Overview .................................................. 30
Key Achievements ................................................... 7
Land Disposal ........................................................ 101
Legislative Changes ............................................... 99
Letter to Minister ..................................................... 2
List of Major Assets ............................................... 101
Major works in Progress ......................................... 101
Management and Structure ...................................... 29
Notes to Financial Statements ................................. 84
Occupational Health and Safety ............................... 101
Office of Transport Safety Investigation (OTSI) ......... 25
Overseas Travel ....................................................... 101
Payment of Accounts .............................................. 112
Performance and Number of Executive Officers ....... 109
Principal Legislation Administered by ITSRR ........... 111
Privacy Management Plan ....................................... 111
Publications ............................................................ 101
Rail Industry Safety Report 2003-04 .......................... 38
Reliability Report 2003-04 ......................................... 58
Research and Development ...................................... 101
Response to Significant Issues ................................. 111
Risk Management and Insurance ............................. 111
Significant Committees ............................................. 101
Staff Employment by Category ................................. 99
Statement of Cash Flows .......................................... 81
Statement of Financial Performance ....................... 79
Statement of Financial Position ............................... 80
Statement of Purpose .............................................. 8
Statement of Values ............................................... 13
Technical Panel ....................................................... 25
Time for Payment of Accounts ............................... 112
Transport Safety Regulation ..................................... 15
Waste ................................................................. 101

Appendices 113
ITSRR's hours of business are 8.30am to 5.30 pm Monday to Friday (except public holidays).

The Office of Transport Safety Investigation and Confidential Safety Information Reporting Scheme operate on a 24-hour basis, every day.