Dear Minister

It is my pleasure to submit to you for presentation to Parliament the Annual Report for 2004-05 of the Independent Transport Safety and Reliability Regulator (ITSRR), which also includes the Annual Rail Industry Safety Report and the Annual Reliability Report for 2004-05.

The report highlights the significant work undertaken during the year to consolidate ITSRR as a rail safety regulator and reliability advisor, including investigative work by ITSRR and the Office of Transport Safety Investigations (OTSI).

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

1. Letter to Minister..................................................................................................1
2. Chief Executive’s Report.......................................................................................3
3. ITSRR Advisory Board Chairman’s Report..........................................................5
4. About the Independent Transport Safety and Reliability Regulator.........................6
5. ITSRR’s Achievements and Challenges of 2004-05................................................7
6. Overview of Rail Safety in NSW in 2004-05..........................................................9
7. Governance and Management Systems...............................................................11
8. About ITSRR’s Executive Management Team.......................................................15
9. About ITSRR’s Advisory Board.............................................................................17
11. ITSRR’s Key Functions.........................................................................................19
12. ITSRR’s Organisational Chart.............................................................................20
13. Forward directions - ITSRR Corporate Plan 2005-06.............................................21
14. Overview of ITSRR’s Divisions (services, results and forward directions)..............22
   - Transport Safety Regulation Division.................................................................22
   - Service Reliability Division..................................................................................26
   - Corporate Strategy Division...............................................................................27
   - Business Services Division..................................................................................28
   - Office of Transport Safety Investigations............................................................30
15. Transport Industry Overview................................................................................32
16. NSW Rail Industry Safety Report.........................................................................38
17. NSW Transport Reliability Report........................................................................64
18. Financial Report, including summary...................................................................90
19. Appendices......................................................................................................114
20. Index................................................................................................................129
The Independent Transport Safety and Reliability Regulator (ITSRR) has been operating since 1 January 2004. This Annual Report therefore provides an overview of the activities and achievements of ITSRR for its first complete year of operation. It also incorporates two further reports that ITSRR is required to present under the Transport Administration Act 1988: the Annual Rail Safety Report and the Annual Transport Reliability Report.

During the 2004-05 year, ITSRR focused its activity in the following four main areas: safety regulation, reliability monitoring, communication with the rail industry and capacity building.

In the area of safety regulation, ITSRR’s primary role is to administer rail safety legislation to facilitate the safe operation of rail services in NSW. There are currently 70 rail operators accredited by ITSRR in NSW. ITSRR ensures each accredited operator has the capacity and competence to safely manage its rail operations. This is done by conducting compliance audits and inspections and following up with any necessary enforcement action, including non-statutory notices (e.g. Notices of Emerging Safety Concern, Rail Industry Safety Notices and Information Alerts), and statutory notices (e.g. Improvement Notices and Prohibition Notices). In 2004-05 ITSRR collected monthly, and published quarterly, data on fatalities, derailments, collisions, broken rails and SPADs (Signals Passed at Danger).

ITSRR’s safety regulation focus has included monitoring and reporting on the implementation of the NSW Government’s response to the recommendations in the Final Report of the Special Commission of Inquiry (SCOI) into the Waterfall Rail Accident. The Government’s response to the Inquiry was released in February 2005. ITSRR published the first quarterly report on its implementation in April 2005. The quarterly reports detail the progress of implementation for each responsible agency and identify any slippage in the implementation of the recommendations. By end June 2005, 26 recommendations had been verified by ITSRR as having been implemented. A further 26 recommendations have been notified to ITSRR by operators as having been implemented. ITSRR has yet to verify these.

In 2004-05 ITSRR assisted in the development of further reforms to the rail safety regulation framework which culminated in the Transport Legislation Amendment (Waterfall Rail Inquiry Recommendations) Act 2005. One of the key elements of this legislation was the operational separation of the Office of Transport Safety Investigations (OTSI) from ITSRR. OTSI commenced as a separate agency on 1 July 2005.

Other major regulatory activities have been the development of the National Accreditation Package for consistent rail accreditation throughout Australia, the introduction of improved medical standards for NSW train operating staff, and improved data collection and reporting through the adoption of consistent data classification of rail incidents across Australia.

The second main area of activity during the year was the provision
of advice on reliability which includes: public transport service performance, asset sustainability of the Government’s rail businesses, and performance issues in Government rail businesses which may indicate potential safety issues. In 2004-05 ITSRR provided advice on the implementation of the RailCorp timetable, published its first annual survey of CityRail customers, and provided advice on the asset sustainability of NSW rail operations.

The third area of focus was communication with the rail industry, operators and unions. In 2004-05 ITSRR held quarterly Executive Safety Seminars, a series of workshops for industry to explain recent regulatory changes, initiated the publication of an electronic news service entitled “Transport Advisory Weekly,” published a Quarterly Newsletter, and remodelled its website to ensure all relevant information is easy to locate.

The fourth and final activity on which ITSRR focused its activities was capacity building of the organisation. ITSRR completed the recruitment of its full complement of staff. The commitment to ongoing staff development was demonstrated with the training of 26 authorised officers, and the provision of support to some 30 staff to undertake a Graduate Certificate in Transport Safety at the University of NSW School of Safety Science. ITSRR is also well advanced with the development of information and management systems to support its regulatory functions.

ITSRR’s successes to date are largely due to the skill, dedication and commitment of its staff, and the positive co-operation of the rail industry. I have also greatly appreciated the ongoing support, advice and encouragement of the Advisory Board.

I thank them all for their work over the past year, and look forward to continuing the task of improving rail safety, and coordinating safety across all transport modes.

Carolyn Walsh
Chief Executive
Since the Waterfall rail accident in January 2003, a great deal of attention has been paid to enhancing safety management skills and expertise across the rail sector. This of course, applies as much to the skills of the safety regulator as it does to rail operators.

My colleagues and I on the ITSRR Advisory Board have endeavoured over the past year to share our knowledge and expertise with ITSRR’s management in a way which, we trust, is not only enhancing the capability and credibility of the rail regulator in NSW, but also contributing to the development of industry capability.

Of course, our role is not to manage the day to day operations of ITSRR, or to make decisions with regard to its statutory functions. That is properly the role of ITSRR’s Chief Executive and management team. Rather, we aim to provide ITSRR’s management with ongoing access to advice and guidance from people who have significant senior experience in safety and risk management and transport operations. These are people who the regulator may not normally be able to have on staff, or may not be able to access through consultancy arrangements.

During the year, the Board has offered advice to ITSRR about a wide range of issues, including:

- the development of new standards of accreditation under the National Accreditation Package;
- the accreditation of operators in NSW, including the entry into the NSW industry of the Australian Rail Track Corporation and Queensland Rail;
- ITSRR’s response to the National Transport Commission’s discussion paper on risk tolerability in rail safety regulation;
- the review into the Safety Specialist Competencies and Skills;
- the 2004 CityRail Customer Survey;
- preparation of advice on the new CityRail timetable;
- identification of rail safety priorities;
- implementation of the Government’s response to the Special Commission of Inquiry into the Waterfall Rail Accident and ITSRR’s quarterly reports on progress;
- the scope and methodology of audits and compliance inspections of accredited operators; and
- analysis of rail industry safety incident data.

The Board has also reviewed and provided advice to the Chief Investigator of the Office of Transport Safety Investigations (OTSI) on its investigations into rail, bus and ferry incidents and accidents.

In June 2005, the Government passed legislation to establish OTSI as an independent agency to ITSRR. This was in response to the Waterfall Commission’s concern to remove any possible perception of a conflict of interest between the ITSRR, its Board and OTSI in the independent investigation of transport incidents.

As a result, from July 2005, the Board will not advise OTSI on its investigation reports. The Chief Executive of ITSRR may, however, continue to seek the Board’s views on OTSI reports in order to provide ITSRR, as the regulator, with advice in relation to OTSI’s findings and recommendations.

Finally, I would like to express gratitude to my colleagues on the Board for their continued commitment and contribution over the past year.

Ron Christie, AM, BE(Civil), HonFIE Aust, FAIM
Chairperson
Independent Transport Safety and Reliability Advisory Board
ITSRR commenced operations in January 2004. ITSRR is a statutory authority of the NSW Government and in 2004-05, comprised 90 staff. All of ITSRR’s staff are located in Sydney, although a number travel throughout NSW to conduct investigations and audit rail operators for rail safety purposes.

ITSRR’s principal legislated objective is to “facilitate the safe operation of transport services in NSW”.

In 2004-05, ITSRR had four key functions: to regulate rail safety; to monitor the reliability of publicly funded transport services (rail, bus and ferry); the strategic coordination of regulatory agencies across the rail, bus and ferry transport modes; and the independent investigation of rail incidents1. These functions are outlined in more detail on page 20.

In regulating safety, there are three separate agencies that each look after different modes of public transport – rail, bus and ferry. ITSRR is responsible for rail safety regulation. The Ministry of Transport is responsible for bus safety regulation2. NSW Maritime is responsible for ferry safety. ITSRR and the Ministry of Transport report to the NSW Minister for Transport whilst NSW Maritime reports to the Minister for Ports and Waterways.

To deliver these functions, ITSRR has developed a Results and Services Plan. The Plan includes a diagram outlining what services ITSRR provides to contribute towards a sequence of results (see diagram below). The higher the level of result, the more it relies on a number of stakeholders to achieve.

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1 With the separation of OTSI from 1 July 2005, ITSRR will only undertake compliance investigations, rather than wide ranging, independent “just culture” investigations.
2 The RTA also regulates buses in its role as regulator of motor vehicles.
ITSRR’s Achievements and Challenges of 2004-05

Achievements

ITSRR’s primary achievements during the period under review was the fulfilment of its statutory function of improving rail safety in NSW by:

• accrediting rail operators in NSW. There are currently 70 accredited operators. ITSRR ensures each operator has developed the capacity and competence to safely manage its rail operations;

• monitoring the safety of the NSW rail system by conducting audits and compliance inspections, and collecting data on, amongst other things, fatalities, derailments, collisions, broken rails and SPADs (Signals Passed at Danger);

• maintaining compliance with the Rail Safety Act 2002 by issuing non-statutory notices (e.g. Notices of Emerging Safety Concern Rail Industry Safety Notices and Information Alerts), and statutory notices (e.g. Improvement Notices and Prohibition Notices);

• undertaking an active role in national reform of rail regulation by introducing the National Accreditation Package in NSW, and participating in the development of national model legislation, including chairing the National Rail Safety Package Steering Committee.

• implementing mandatory guidelines to industry about health standards for train drivers, drug and alcohol testing and fatigue management;

• publishing in May 2005, the first Quarterly Report on the Implementation of the NSW Government’s Response to the Special Commission of Inquiry (SCOI) Final Report. These reports detail progress by each responsible agency in implementing the recommendations for which they are responsible, and identify any slippage;

• assisting in the development of further reforms to the rail safety regulation framework which culminated in the Transport Legislation Amendment (Waterfall Rail Inquiry Recommendations) Act 2005;

• communicating regularly with the rail industry, operators and unions through its revised website, newsletters, workshops and Executive Safety Seminars;

• recruiting staff with high level capabilities, enabling us to increase our auditing and compliance enforcement capacity;

• the establishment of ITSRR’s function of monitoring the reliability of public transport systems and the delivery of several reports on reliability issues, for example the survey of CityRail Customers;

• the implementation of significant Waterfall Rail Inquiry recommendations such as the development of a comprehensive document and records management system and the operational separation of Office of Transport Safety Investigations (OTSI) from ITSRR; and

• the bedding down of the investigations function, which has enabled, the delivery of a number of OTSI reports, including four investigations into rail incidents, two into bus incidents and one ferry incident investigation.

ITSRR staff and transport agencies were briefed on proposed national reforms during the year by Carolyn Walsh, ITSRR Chief Executive (third from left at table), with guest speaker Dr Neil Gunningham, Professor, Regulatory Institutions Network, ANU (second from left at table).

2 Accreditation of its own provides no guarantee of safety.
Challenges

In making the above achievements, ITSRR faced some significant challenges, including:

- prioritising rail safety risks and identifying the most appropriate strategies to address these;
- communicating with a broad mix of stakeholders so they are kept up-to-date with ongoing rail safety reforms at both state and national levels;
- the ongoing requirement to monitor and report on the implementation of the NSW Government’s response to the recommendations of the Special Commission of Inquiry Final Report into the Waterfall Rail Accident; and
- identification and capture of high, quality data for ITSRR’s new information systems.

ITSRR staff attend a lunch-time session to share corporate knowledge on proposed national rail safety reforms.
Overview of Rail Safety in NSW in 2004-2005

A full report on rail safety in NSW is contained in the ITSRR Annual Rail Industry Safety Report, which is published with this ITSRR Annual Report on page 38. This overview provides a brief summary of selected statistics presented in that Industry Safety report.

Fatalities

The number of rail-related passenger fatalities decreased over the 10-year period to June 2005. In 2004-05 there was one rail-related passenger fatality (a passenger fell from a platform into the path of an oncoming train), compared to an average of four per year at the beginning of the period. A relatively high number of rail-related passenger fatalities were recorded in 1999-00 and 2002-03. These were associated with the Glenbrook and Waterfall train accidents respectively.

The highest number of overall fatalities on the NSW rail network was associated with trespassers. Trespasser fatalities are generally the result of intentional acts such as suicide, or an unfortunate consequence of other activity such vandalism or unauthorised crossing of tracks. While difficult to control, trespasser fatalities have fallen slightly in recent years. The number of reported passenger, public and employee fatalities in 2004-05 was at, or close to, the lowest observed over the last 10 years.

Injuries

There were 14 serious passenger injuries reported to ITSRR in 2004-05. This is less than half the longer-term annual average of 37. The number of public and trespasser serious injuries in 2004-05 was consistent with previous years. However, the number of serious employee injuries in 2004-05 was 13, which is more than double the longer-term annual average of five. These injuries were suffered in various circumstances by a range of employee types including track workers, train drivers and train guards.

Collisions

A collision is an incident where a train (or other type of rolling stock) strikes another object, (such as another train, a track obstruction or a person) or an object strikes the train.

In 2004-05 there were 600 collisions involving trains, over two-thirds of which involved persons throwing stones at trains. Other relatively frequent, but minor severity incidents included collisions with obstructions (mainly trees) and collisions with animals.

There were 30 reported “train to person” collisions in 2004-05 with 21 of these resulting in injury or fatality. In 17 of these incidents the collision was with a trespasser.

A total of nine train-to-train collisions were reported in 2004-05. Three incidents involved track maintenance vehicles, one of which resulted in two employees being taken to hospital with injuries. Five incidents involved low-speed shunting collisions. One collision occurred as a result of a swinging door on a freight train striking a window on a passing passenger train.

Derailments

A derailment is any incident where one or more wheels of a train or other type of rolling stock leave the rail or track during railway operation. Like collisions, certain types of derailments have the potential to cause serious consequences, such as fatalities and serious injury.

There were a total of 136 derailments in NSW during 2004-05. This is down from 149 derailments in the previous twelve months and consistent with a longer-term decreasing trend for this type of rail incident. Derailments occurred in a range of situations, including running line derailments, shunting derailments and derailment of track machines during maintenance work.

A total of 13 derailments involved trains on running lines. These were all freight trains and approximately half of the incidents comprised a single wagon derailment. The remainder of running line derailments had more significant consequences such as multiple wagon derailments and track damage.

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4 Rolling stock refers to the individual pieces of a train, for example, a carriage or wagon. A train is one or more units of rollingstock coupled together.
Level Crossing Incidents

There were 276 level crossing incidents reported to ITSRR in 2004-05. Most of these involved damage to level crossing equipment as a result of vandalism or road vehicles colliding with infrastructure. There were no incidents involving a train striking a person at a level crossing in 2004-05. However, there were eleven incidents where a train collided with a road motor vehicle. One of these incidents resulted in both occupants of the road motor vehicle being taken to hospital with injuries. Another incident resulted in the death of the driver of the road motor vehicle. This latter incident is the subject of an investigation. The other incident notification did not report any casualties.

The number of collisions at passive crossings has fallen in the past ten years and is now similar to that for active crossings\(^1\). A contributing factor to this change is attributed to the removal of a number of crossings and the upgrading of others. Over 20 level crossings have been closed over the past few years, and improved level crossing facilities were installed at over 95 sites across NSW in the past two years.

Track and Civil Irregularities

Track condition is an important indicator of rail safety because track-related defects can lead to more serious incidents such as train derailments. Over 500 track and civil irregularities were reported to ITSRR during the 2004-05 year. More than half of these incidents were assigned to a generic category “other”. This covers a range of defects and circumstances, some of which have specific causes and consequences, for example, broken joints. ITSRR is working with other regulators in Australia to enhance the national classification scheme to provide for identification and analysis of such incidents.

Broken rails were the most common type of reported track irregularity over the 10-year period, with an average of 120 incidents reported per year. The number of broken rails varies with season because rails are more susceptible to breakage at low temperatures. A total of 124 broken rail incidents were reported to ITSRR in 2004-05. Approximately half of these occurred during the winter months of May, June and July.

Drug and Alcohol Testing

Over 4,000 drug and 35,000 alcohol tests were conducted in NSW during 2004-05. The number of tests is expected to increase in the next year because some operators implemented their programs in stages in 2004-05. The overall detection rate - the percentage of total tests that yielded a positive result - was higher for drugs (3.0%) than for alcohol (0.4%). These rates are not necessarily representative of operators or rail safety workers in general. Larger organisations conduct many more tests than smaller organisations so overall rates are heavily influenced by the testing activity and results of these larger operators.

In 2005-06 ITSRR will be compiling all information from drug and alcohol quarterly returns and positive testing notifications to determine the patterns of detection across operators and types of rail safety work. This information will be used for comparative assessments and to establish benchmarks for the purpose of identifying any organisations with an emerging safety risk associated with drug and/or alcohol use.

\(^1\) Active crossings have controls (such as lights, bells, booms) and passive crossings use only “Stop” or “Give Way” signs.
Governance and Management Systems

ITSRR’s governance structure

ITSRR is managed by its Chief Executive. The Chief Executive is an independent statutory position which, while accountable to the NSW Minister for Transport for ITSRR’s performance, is independent of Government in relation to key safety functions. The Chief Executive is supported by a senior management group, called the Executive Management Team (EMT). EMT membership for 2004-05 constituted all five Divisional Executives, and the Chief Executive. Profiles of the members are on pages 15-16.

The EMT meets monthly to review progress towards the achievement of ITSRR’s goals, to assist the Chief Executive make decisions and, where necessary, revise priorities.

The Chief Executive’s strategic decisions are informed by advice, discussions and regular corporate performance reports provided by the members of the EMT.

The Chief Executive can, at her discretion, seek advice on rail safety matters from the ITSRR Advisory Board, which has been chaired by Ron Christie since ITSRR’s inception. The ITSRR Advisory Board does not review or contribute to management-related decisions, but is rather a source of high-level expertise for the Chief Executive to draw upon in formulating regulatory responses to complex rail safety issues. Further information on the ITSRR Advisory Board membership is provided on page 17 and in the Appendices to this Report.

ITSRR has established a number of internal committees to assist in directing operations and providing advice. These include the:

- Corporate Governance Committee;
- Information Management and Technology Steering Committee; and
- Strategy Committee.

The ITSRR Corporate Governance Committee comprises a cross-section of ITSRR senior staff. Issues considered during the 2004-05 year included:

- a governance model and its scope;
- audit methodology required; and
- corporate risks.

Similarly the Information Management and Technology (IM&T) Steering Committee comprises a cross section of ITSRR senior staff. Its role is to take a direct and active role in managing IM&T governance at ITSRR. In 2004-05 the committee was primarily concerned with start up and development activities at ITSRR, such as the development of a corporate database, an electronic document and records management system, and the purchase of suitable resources for field staff.

The Strategy Committee meets as required to consider cross-organisational strategic issues over and above those considered regularly by the EMT.

The following processes are used by ITSRR to identify and manage risks and ensure an effective framework for strategic
management of these risks:

• the corporate planning cycle: the advance identification and prioritisation of objectives;
• the corporate reporting cycle: the identification of past successes and future challenges to assist future planning of activities;
• implementation of ITSRR’s risk management policy, including the development of risk registers;
• the review of any internal audit findings;
• the review of any external audit findings; and
• liaison with ITSRR stakeholders.

These processes are explained below.

Corporate planning and reporting

In 2004-05 the priorities identified in the 2004-05 Corporate Plan were acted upon and reported against on a monthly and quarterly basis. The results of these top level priorities are summarised on page 18. For 2005-06 ITSRR has revised its Corporate Plan and refined its performance measures and reporting framework. A copy of the plan is on page 21. In 2004-05 ITSRR met its statutory requirement to provide its Results and Services Plan (RSP) to Treasury according to the criteria set and on time.

Risk management approach

ITSRR takes a risk-based approach to achieving its legislative and strategic objective to “facilitate the safe and reliable operation of transport services in NSW”.

During the year ITSRR continued to implement a corporate risk management policy. Each ITSRR division developed its own risk management plan. These documents are consistent with Australian Standard 4360: Risk Management.

The six elements which ITSRR uses to develop and assess its risk management framework are:

• senior management commitment and employee participation;
• an established organisational context;
• a structured and coherent risk and control framework;
• the use of business objectives to determine Risk Management strategies;
• controls linked to business processes and accountabilities; and
• having treatment plans in place to reduce risk consequence or likelihood.

ITSRR continually reviews and re-evaluates the context in which it is managing its risks. In assessing risk and developing appropriate risk control measures, ITSRR draws as appropriate on internal and external stakeholder knowledge.

Stakeholder engagement

Industry

ITSRR considers all 70 of the accredited rail operators in NSW to be key stakeholders. Consequently ITSRR has focussed the majority of its communication activities on the NSW rail industry of NSW. ITSRR communicates with accredited rail operators in NSW via the following means:

• audits, both field and desktop;
• compliance inspections undertaken in the field;
• non-statutory enforcement and compliance notices (for example, Notices of Emerging Safety Concern, Information Alerts & Rail Industry Safety Notices);
• statutory enforcement and compliance notices (for example, Improvement Notices and Prohibition Notices);
• quarterly newsletters;
• executive safety seminars;
• workshops;
• the Transport Advisory Weekly;
• its website: www.transportregulator.nsw.gov.au;
• general reports and publications; and
• correspondence to individual accredited rail operators as issues arise.

ITSRR regularly holds seminars for the rail industry, transport agencies and ITSRR staff to keep them up-to-date with rail safety reforms.
ITSRR also engages regularly with individual operators and industry associations such as the Australasian Railway Association.

**Government**

ITSRR’s stakeholders also extend to other government organisations within NSW, in other states and territories and in the Commonwealth Government. For example, ITSRR regularly communicates with:

- The Minister for Transport
- NSW Ministry of Transport
- NSW Maritime Authority
- NSW WorkCover
- Treasury and The Cabinet Office
- Independent Pricing and Regulatory Tribunal
- Other State and Territory transport agencies and regulators
- Australian Transport Safety Bureau
- The Commonwealth Department of Transport and Regional Services
- Australian Transport Council
- National Transport Commission
- Standing Committee on Transport
- Rail Safety Regulators’ Panel.

**Coordination of Safety Regulation**

There are three separate agencies in NSW responsible for regulating safety of public transport. ITSRR is responsible for rail safety regulation, the Ministry of Transport is responsible for bus safety regulation and NSW Maritime is responsible for ferry safety.

Through the Transport Regulators Executive Committee (TREC), ITSRR works in partnership with the Ministry of Transport and NSW Maritime to deliver a coordinated strategic approach to the regulation of passenger transport safety. TREC comprises the chief executives and certain senior executives of the regulatory agencies within the transport services, ports and waterways portfolios. TREC is chaired by the Chairman of ITSRR Advisory Board, Mr Ron Christie. TREC meets at least quarterly.

ITSRR regularly liaises with a range of other government agencies, both interstate and intrastate in the collection and analysis of data with respect to transport safety. In that regard ITSRR is an active participant in the national reform process to achieve NSW objectives on rail safety legislation. This includes for example, regular liaison with the National Transport Commission. ITSRR also chairs the Rail Safety Package Steering Committee. This Committee comprises representatives from seven states and territories, the chair of the Rail Safety Regulators’ Panel and an industry association observer. It was established to assist the National Transport Commission (the body responsible for road, rail and other transport reform) develop national model legislation. NSW contributes actively to this process to ensure that the high standards set by NSW are reflected in the national legislation.

**Financial summary overview**

In 2004-05 ITSRR received consolidated fund allocations of $15.171m compared to the budget allocation of $15.776m. ITSRR also collected $3.591m in fees from accredited rail operators, which form part of Crown consolidated revenue.

The Regulator’s net cost of service (represented by total expenses less total revenue) for 2004-05 was $16.502m which was $411,000 more than budget allocation. This increase is attributed to higher staff related on-costs due to a change in accounting standards. When this increase is excluded ITSRR managed its expenditure to 0.03% of budget.

In 2004-05 the surplus from ordinary activities was lower than the budget of $1.15m due to a reduction in the capital appropriation.

For a more detailed account of ITSRR’s financial performance, see the audited financial statements at the end of this report.
**Capacity Building**

ITSRR values its staff and has a focus on ensuring staff capacity is maximised. To this end, ITSRR designed and introduced a professional development program during 2004 which was available for all staff. The program is a post-graduate level qualification in Transport Safety. Risk Management was the first subject delivered in the Autumn Semester 2005. Other subjects include Safety Management Systems, Human Factors in Transport and Qualified Auditor in Transport Safety.

In 2004-05 ITSRR staff also received monthly internal briefings by the Chief Executive and Division Heads.

In-house education seminars which involve presentations by ITSRR staff to share their professional and technical knowledge were also initiated in 2004-05. This aims to heighten the extent of corporate knowledge across the mix of regulatory, policy, technical and administrative staff within ITSRR, some of whom may have been in the rail industry for many years and others new to the field. In the constantly changing transport reform environment, staff have provided positive comment on the regular internal briefings.

ITSRR values the diversity of its staff and advocates equality of employment opportunity. It has implemented policies including an Ethnic Affairs Priorities Statement, an Equal Employment Opportunity (EEO) Management Plan and workplace policies that detail accountabilities for ensuring the absence of discrimination and harassment.

ITSRR has also completed workplace policies detailing various employment requirements including a Policy for Performance Management which introduces processes to outline performance expectations for staff and ensures feedback is provided on results. The central theme of these policies and plans is to provide a workplace where staff are valued and their efforts recognised.

The ITSRR EEO Management Plan contains the following objectives:

- improving access to information relating to Human Resources policies and practices;
- creating a diverse and skilled workforce;
- improving employment access and participation for EEO groups; and
- promoting a workplace culture displaying fair practices and behaviour.

To achieve these activities the EEO plan includes strategies to ensure equitable representation of EEO groups in decision-making forums, effective dissemination of information to all staff, and equity in training and development opportunities.

“**The Risk Management course provided a very good grounding in the fundamentals of the risk management process and how this process can be applied in a range of organisational contexts. The content of the course was found to be highly beneficial, particularly in understanding the current best practice approach to risk management and how this can be applied to facilitate effective identification and treatment of organisational risks.**

An in-depth understanding of the principles, processes and tools that are required for effective risk management are essential in the accreditation and audit of rail operators, particularly in relation to the assessment of the risk management process and proposed risk controls, or facilitation of improvements in operator safety management systems. In this respect the course content was found to be highly relevant to members of the Audit, Accreditation and Compliance Branch who participated, providing a good fundamental understanding of what should be expected from operator risk management systems to improve their safety performance and ensure that the risks arising from operation are being appropriately managed.”

**ITSRR staff member’s comment on an external risk management course attended by a number of ITSRR staff**
About ITSRR’S Executive Management Team

The Chief Executive is supported by a senior management group, called the Executive Management Team (EMT). EMT membership constitutes all four Divisional Executives, the Chief Investigator of the Office of Transport Safety Investigations (OTSI) and the Chief Executive of ITSRR.

Carolyn Walsh, Chief Executive

Carolyn Walsh (B Ec) has had extensive experience in the Commonwealth Government in policy development and program implementation in the areas of small business (regulation reform, export programs and access to finance), sectoral policies (particularly in steel, automotive and wood and paper products), and science and innovation.

From 1996-1999 Ms Walsh was Minister-Counsellor, Industry Science and Technology, at the Australian High Commission in London.

In 2000 Ms Walsh joined the NSW Public Service where she was Executive Director, Strategy in the Office of the Coordinator General of Rail. Her responsibilities included coordinating operational and safety issues between publicly owned rail authorities in NSW. Ms Walsh also provided advice in this capacity to the then Department of Transport on the preparation of the Rail Safety Act 2002. In January 2004 Ms Walsh was appointed Chief Executive of ITSRR.

Kent Donaldson, Executive Director, Transport Safety Regulation Division

Kent Donaldson joined ITSRR from the Transport Safety Bureau of the Ministry of Transport. Prior to this, Kent held the positions of General Manager Operations and Safety, Australian Rail Track Corporation, General Manager FAC Operations, Federal Airports Corporation General Manager, QANTAS Management Systems and Safety, QANTAS Airways Limited.

Kent holds degrees of B Ec, B Sc and B Sc (Eng) from the University of New England and the University of New South Wales and is a member of the Australian Institute of Transport.

Kent’s duties as Executive Director, Transport Safety Regulation at ITSRR required him to be conversant with all aspects of rail safety in New South Wales and to make recommendations and promote policies to improve rail safety.

Kent has now left ITSRR to take up a challenging new opportunity with Connex in Melbourne.

Simon Foster, Executive Director, Service Reliability Division

Simon Foster (GradDipMangt and a Land and Engineering Survey Drafting Certificate) brings over twenty-five years of technical and management experience in rail areas such as track, fleet, operations, stations and communications. He was appointed as ITSRR’s Executive Director, Service Reliability in April 2004.

Among his career highlights was assignment to the Office of Coordinator-General of Rail (OCGR) on its establishment in June 2000, where he was a member of the team responsible for overseeing final preparations for rail services for the Sydney 2000 Games. Following the Games he remained with OCGR and was subsequently part of the team advising Government on the establishment of what is now ITSRR.

Simon has been awarded a Bicentennial Fellowship in Management (the equivalent of a Churchill Fellowship).

Simon has qualifications and experience as a fireman on steam locomotives and as a second person on diesel locomotives on mainline operations. He also possesses qualifications as an Inspector of Permanent Way (Track).
Natalie Pelham, Executive Director, Corporate Strategy Division

Natalie Pelham (BSc, M SocSc) has worked in the safety field since 1994, initially working in a research unit at the University of Sydney, followed by seven years with WorkCover NSW where she held a number of senior positions. Natalie moved to the transport portfolio in 2003 to join the Project Team advising Government on the design and implementation of the new Independent Transport Safety and Reliability Regulator. Natalie was appointed Executive Director, Corporate Strategy in April 2004 and is currently completing a PhD in public health specialising in public policy (regulation) for workplace health and safety.

Paul Harris, Director, Business Services Division

Paul Harris (BCom) joined ITSRR after many years with StateRail in Corporate Human Resources and Business Services management roles.

Paul has held various past roles with organisational responsibility for Human Resource policy development and organisational change. Prior to his appointment at ITSRR he managed the centralised human resources and accounting function for State Rail.

Paul O’Sullivan, Chief Investigator, Office of Transport Safety Investigations

Paul O’Sullivan is the inaugural appointee as the Chief Investigator of the Office of Transport Safety Investigations (OTSI) which was established by the NSW Government in January 2004.

Previously he held senior appointments in the Australian Defence Force, where his responsibilities included unit and formation command, individual and collective training, transport operations, safety management, emergency preparedness and response, accident investigation and international standards. His experience has been gained in varied assignments including contingency planning for State Disaster Plans; Chair of the Washington Standardisation Office; an accountable commander for Occupational Health and Safety; both prosecutor and defending counsel in Military Courts Martial and President of the Board of Inquiry into the 1996 mid-air Black Hawk helicopter collision.

He holds postgraduate qualifications in Organisational Behaviour and is an affiliate member of the International Society of Air Safety Investigators and a member of the Australian Aviation Psychology Association.

Paul will no longer be part of the ITSRR EMT with the separation of OTSI from ITSRR from 1 July 2005.
About ITSRR’s Advisory Board

The Chief Executive can, at her discretion, seek advice on rail safety matters from the ITSRR Advisory Board, which has been chaired by Ron Christie since ITSRR’s inception.

The ITSRR Advisory Board does not review or contribute to management-related decisions, but is rather a source of high-level expertise for the Chief Executive to draw upon in formulating regulatory responses to complex rail safety issues.

The ITSRR Advisory Board’s functions were amended by legislation in June 2005 to strengthen regulatory independence. This was part of the amendments necessary to implement the NSW Government’s response to the Waterfall SCOI Report. The aim of these amendments was to remove any potential perception that the ITSRR Advisory Board undertakes a management function within ITSRR.

The ITSRR Advisory Board consists of the Chief Executive and four external members: Ron Christie (Chairman), Professor Jean Cross, Rob Schwarzer and Dr Robert Lee. A more detailed overview of the Board’s functions and the qualifications and experience of its members, is contained in the Appendices to this report.
## Report on Achievement of 2004-05 Corporate Plan Priorities

<table>
<thead>
<tr>
<th>Corporate Plan Priority for 2004-05</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Further strengthening of the Regulatory Model for transport safety</td>
<td>In 2004-05 ITSRR undertook a review of the statutory framework for rail operators and led and contributed to various projects on national rail regulatory reform.</td>
</tr>
<tr>
<td>Identification of safety issues and development of strategies to promote and improve safety</td>
<td>ITSRR has developed a methodology to identify key safety areas on which to focus in the forthcoming year. Priorities for 2005-06 are set out in ITSRR’s Corporate Plan.</td>
</tr>
<tr>
<td>Prioritisation and implementation of strategies to meet ITSRR’s responsibility for monitoring the reliability of transport services</td>
<td>ITSRR has developed and implemented a regular monitoring and reporting framework for the reliability of publicly funded mass transit systems in NSW.</td>
</tr>
<tr>
<td>Establishment and refinement of forums for consulting with rail, bus and ferry authorities, operators and their employees, the community and national transport agencies</td>
<td>ITSRR has established the Transport Regulators Executive Committee; developed MOU’s with other safety regulators (such as WorkCover); and established consultative and working forums such as the Executive Safety Seminar series and the Rail Safety Package Steering Committee.</td>
</tr>
<tr>
<td>Increasing organisational capability through robust corporate management systems</td>
<td>ITSRR has developed the framework for a Corporate Management System, implemented a professional development program, and invested in information management and technology (IM&amp;T) projects.</td>
</tr>
<tr>
<td>Development of a regulatory response to the recommendations of the final report of the Special Commission of Inquiry into the Waterfall Rail Accident (SCOI)</td>
<td>ITSRR has put in place a regular monitoring and reporting process to ensure that the SCOI recommendations accepted by Government are fully implemented.</td>
</tr>
</tbody>
</table>

For more detailed information on the above results, see pages 23-30.
ITSRR’s Key Functions

ITSRR regulates for rail safety in NSW.

Rail Safety Regulation

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

- accrediting railway operators’ safety management systems to ensure they have the capacity to run operations safely;
- verifying compliance with the Rail Safety Act 2002 and an operators’ terms of accreditation through audits, inspections and investigations;
- issuing regulations and guidelines to rail operators to provide clarity and assistance to meet their safety obligations;
- monitoring the implementation of safety initiatives, safety recommendations and safety actions;
- collecting and analysing data from operators to identify safety trends and to better target regulatory activity;
- 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 providing advice on the performance of publicly funded transport services in relation to standards set by the NSW Government. ITSRR’s function in respect to reliability relates primarily to monitoring and the preparation of reports to the Minister for Transport and the community, on reliability of publicly funded transport services.

Reliability is defined as incorporating the quality, effectiveness and efficiency of the service. It includes: fulfilling performance contracts as set by the Government (which are broader than just punctuality and include conditions on quality of service); ensuring the overall sustainability of infrastructure and networks; and any other matters as prescribed by the regulations.

In monitoring and reporting on reliability of publicly funded transport services, attention is paid 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;
- customer attitudes and needs; and
- any other matters prescribed by the relevant 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 Coordination across Transport Modes

ITSRR provides strategic coordination and leadership on safety issues for public transport operations across rail, bus and ferry transport modes. This involves ITSRR working in cooperation with the regulators of buses (Ministry of Transport) and ferries (NSW Maritime) to promote consistency in safety regulation when appropriate. Reliability issues are also considered.

A primary mechanism for ITSRR to share and promote such work is, through the Transport Regulators Executive Committee (TREC).

Interaction also occurs with other safety-related agencies at the national level, particularly the...
Australian Transport Council and the National Transport Commission, in respect to policy making and the development of national model rail safety legislation. ITSRR and the Office of Transport Safety Investigations (OTSI) also maintain contact and exchange of information with the Australian Transport Safety Bureau and transport safety regulators from other states.

Investigation

In 2004-05 ITSRR had two distinct investigation functions. To ensure compliance with the Rail Safety Act 2002, ITSRR undertook compliance investigations and initiated enforcement action as a result of investigation outcomes when appropriate. This function will continue to be undertaken by ITSRR following the separation of OTSI and ITSRR on 1 July 2005.

During 2004/05 OTSI undertook “just culture” investigations into serious rail, bus and ferry accidents and incidents and related transport safety issues. This function will continue to be undertaken by OTSI as a separate organisation.

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 “just culture” investigations do not seek to attribute blame, but rather establish the factors and sequences which have contributed to causing the incident. This helps identify relevant systemic issues that may need to be addressed.

OTSI also manages a Confidential Safety Information Reporting Scheme 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.

ITSRR’s Organisational Chart

* OTSI’s reporting arrangements will change post July 2005 following the passage of amending legislation.
Forward Directions

Corporate Plan
July 05 - June 06

Vision
Safe and reliable transport services in New South Wales

ITSSR works in partnership with transport operators and their employees to deliver the following results:
- Rail operators have effective safety management systems
- Rail operators have a continuously improving safety culture
- ITSSR identifies and alerts the rail industry to potential safety issues

ITSSR works in partnership with other transport safety regulators to deliver the following results:
- Government and the NSW public are informed about service reliability
- Consistent application of safety activity and public reporting across transport modes

Results

Service Goals
In pursuit of its results, ITSSR provides the following services:
- Consistent and effective application of rail safety regulation
- Effective rail legislative and regulatory framework
- Rigorous analysis of rail safety performance information
- Effective communication to stakeholders on rail safety and transport reliability
- Provision of high quality advice and reporting on transport service reliability
- Excellence in ITSSR corporate governance
- Effective strategic management of ITSSR

Result Priorities 05-06
- Take action on identified rail safety management priorities
- Develop national model legislation and performance - based regulations for rail
- Verify and report on the implementation of the Waterfall Inquiry recommendations
- Establish and report on performance measures for transport regulators and across transport modes
- Provide advice to Government and publish reports on the performance and sustainability of publicly funded transport services

Service Priorities 05-06
- Develop and implement single integrated audit schedule, methodology and program for rail
- Define, document and implement ITSSR’s corporate management system
- Define and implement effective framework to use and manage corporate knowledge
- Full implementation of ITSSR’s corporate performance reporting framework
- Enhance ITSSR’s capability to collect and utilise safety intelligence to determine safety management priorities for ITSSR’s attention

Our Values
Professionalism: We are proud of the the quality, timeliness and independence of our work. We encourage the professional development of all our staff.
Transparency: We are open about our practices and policies, the information we collect and analyse, and the decisions we make.
Integrity: We strive to be fair, honest and trustworthy in all our dealings.
Innovation: We aim to take a leading role in transport safety and encourage the cross-fertilisation of skills and ideas across transport modes. Our practices are based on the collection and analysis of current information and ongoing learning, having a strong technical and research capability, and making decisions based on evidence.
Overview of ITSRR Divisions

The following outlines the services, key results and forward strategies for ITSRR’s five Divisions which were the:

1. Transport Safety Regulation Division (includes a Technical Panel);
2. Service Reliability Division;
3. Corporate Strategy Division;
4. Business Services Division;

With the separation of OTSI to become a separate statutory authority, from July 2005, ITSRR will establish an Interagency Agreement to ensure information flows between the two agencies continue to occur regularly and as appropriate.

1. Transport Safety Regulation Division

The Transport Safety Regulation Division of ITSRR oversees the safety of the NSW rail industry through the implementation of the Rail Safety Act 2002, and associated regulations and guidelines.

The Act requires all railway operators – which includes organisations that build and maintain rail infrastructure and rolling stock – to be accredited by ITSRR. In order to obtain accreditation, an operator must have a suitable risk-based safety management system in place. ITSRR conducts periodic audits of railway operators’ safety management systems and undertakes regular inspections of railway operator premises. ITSRR safety officers also investigate reported incidents.

For an overview of the rail industry see the Industry Overview section on page 32 and for a report on rail safety performance, see the Annual Rail Industry Safety Report on page 38.

The Transport Safety Regulation Division develops and implements policy and guidance for the rail industry, including input to the national policy process. Specific rail safety projects are also undertaken.

Following a restructure during the year, the Division has the following branches:

- Safety Strategy
- Audit Accreditation and Compliance
- Safety Projects
- The Division also incorporates a Technical Panel comprising five staff to provide specialist technical advice and guidance on technical standards or processes, such as risk management, human factors, and the physical infrastructure of the network.

The following activities are based on the divisional branch structure in the Transport Safety Regulation Division.

1.1 Rail Accreditation

ITSRR accredits rail operators under rail safety legislation. A list of accredited operators of railways in NSW is provided in Appendix 1.

To obtain and keep their accreditation, railway operators must implement and maintain comprehensive risk-based safety management systems. This includes notification to ITSRR of any significant changes for its review and approval.

The focus during the 2004-05 year was on monitoring the progress of RailCorp in achieving its safety milestones following the granting of provisional accreditation; processing major variations to accreditations; and the implementation of the Waterfall inquiry’s recommendations.

Significant results of rail accreditation services during 2004-05 included:

- managing the accreditation of the Australian Rail Track Corporation (ARTC) for the Designated Interstate Rail Network (the “DIRN”);
- varying the accreditations of relevant rail operators to implement new Health Assessment Standards; and
- increasing the understanding by operators of accreditation requirements.

1.2 Rail Audit

Once a rail operator is accredited, ITSRR conducts periodic audits to check the operator’s compliance with its accreditation conditions. The findings from these audits resulted in actions by operators on:

- change management
- Safety Interface Agreements
- risk management procedures.
As ITSRR’s staffing capacity and skill base increases, it expects to undertake both a wider range and an increased number of audit and inspection activities.

1.3 Rail Security Audit

ITSRR audits rail operators specifically on rail security to ensure rail infrastructure and networks maximise passenger security.

During 2004-05, ITSRR has participated in the development of nationally consistent guidelines for the protection of surface transport security. ITSRR was an active participant in the, Standing Committee on Transports (SCOT) Transport Security Working Group and the development of the Intergovernmental Agreement on Surface Transport Security which was signed by the Council of Australian Governments (COAG) in June 2005.

A number of workshops and forums were held with representatives from a range of rail operators who were provided with security guidelines and advice in relation to the changing security environment.

Key results for ITSRR’s rail security audit activities during 2004-05 included:

- the introduction of specific security requirements in the Rail Safety (General) Regulations;
- the conduct of 12 rail security inspections, identifying relevant issues for the rail operator to improve its readiness on network security;
- participation in nine exercises to monitor government and industry response to potential threats to network operations;
- commencement of ITSRR’s random drug and alcohol testing regime. ITSRR also reviewed and assessed 128 drug and alcohol notifications, of which five were investigated in detail.

1.4 Safety Strategy

ITSRR develops policies, procedures and strategies to assist it in complying with the Rail Safety Act 2002. This strategic work also feeds into the national reform process.

Supporting this work in safety strategy is data management, reporting, and analysis based on investigation and compliance data. ITSRR also conducts national and international research into safety issues and corrective strategies adopted by other regulators and operators.

### ITSRR’s accreditation activities as outlined below:

<table>
<thead>
<tr>
<th>ITSRR service</th>
<th>2004 6</th>
<th>2004-05</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of new accreditations</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>No. of ongoing accreditations reviewed</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>No. of variations made to accreditations</td>
<td>25</td>
<td>80</td>
</tr>
</tbody>
</table>

6 Includes only 1 Jan 04 – 30 June 04

During the year, ITSRR issued the following notices:

<table>
<thead>
<tr>
<th>Type of notice</th>
<th>Purpose of notice</th>
<th>2004 7</th>
<th>2004-05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emerging Safety Concern</td>
<td>Requests rail operators to respond to a specified hazard</td>
<td>13</td>
<td>12</td>
</tr>
<tr>
<td>Improvement</td>
<td>Requires specified remedial action by the rail operator within a specified timeframe</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>Prohibition</td>
<td>Prohibits specific activities by the rail operator</td>
<td>0</td>
<td>39</td>
</tr>
<tr>
<td>Penalty</td>
<td>Imposes a financial cost for the breach of compliance</td>
<td>0</td>
<td>0 8</td>
</tr>
</tbody>
</table>

7 Includes only 1 Jan 04 – 30 June 04

8 To date ITSRR has focussed on achieving compliance with the Act through a facilitative rather than statutory penalty approach. This is partly a result of assisting operators to initially understand how to comply, as well as the recognition that the range of matters on which a penalty notice may be issued is relatively narrow (see ITSRR’s Compliance and Enforcement Policy).
ITSRR was the lead agency in the development of the National Accreditation Package which updated existing NSW accreditation processes, providing a comprehensive framework for safety management systems and an audit checklist.

The Safety Strategy Branch also worked closely with industry and other regulators to undertake a review of the requirements for rail operators on major health issues including drug and alcohol programs and management of fatigue.

Significant input was also provided to the work of national rail safety reform through the National Transport Commission and Rail Safety Regulators Panel.

Key results for safety strategy for 2004-05 included:
- the delivery of an endorsed National Accreditation Package, which provides clear guidance on requirements for operators on accreditation process and a framework for the submission of safety management systems;
- working with industry on guidance material for drug and alcohol and fatigue management;
- providing secretariat support for the national reform process which delivered policy reform for risk management, safety management systems, institutional frameworks, fatigue management and drug and alcohol prevention programs;
- the development and implementation of the compliance and enforcement manual to promote consistency in compliance activity, and
- a policy and process to exempt certain categories of rail operators from accreditation.

1.5 Safety Projects

ITSRR has a dedicated team working on specific safety projects. This work incorporates monitoring the implementation of recommendations arising from significant investigations such as the Special Commission of Inquiry (SCOI) into the Waterfall Rail Accident.

The projects undertaken by the Safety Projects branch are established through consultation with the Executive Management Team.

Significant projects undertaken in the 2004-05 year included: the overview of the implementation of the NSW Government’s response to the SCOI Final Report into the Waterfall Accident; train radio communications; and development of a standard for emergency evacuation of rolling stock.

Key results for safety projects for 2004-05 included:
- the development and implementation of a transparent and rigorous process to review and report on the implementation of the NSW Government’s response to the SCOI Final Report into the Waterfall Rail Accident;
- the publication of a report titled “Train Door Emergency Egress and Access and Emergency Evacuation Procedures”. The Report reviewed findings from rail accident investigations that had occurred both within Australia and overseas, and reviewed certain standards that are in place in some overseas countries; and
- participation in national forums to ensure the compatibility and interoperability of train radio standards across Australia.

ITSRR participated in inter-agency emergency management exercises during the year.
Forward directions for Transport Safety Regulation in 2005-06

In the 2005-06 financial year, the Transport Safety Regulation Division will focus its activities in the following areas:

- the development of functional standards for train radio communications;
- the review and implementation of the NSW Government’s response to the Final Report of the Special Commission of Inquiry into the Waterfall Rail Accident; and
- an analysis of the issues associated with the introduction of technologies for automatic train protection.

ITSSR Annual Report 2004 - 05  25
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 (rail, bus, and ferry);
- advising Government on the asset sustainability of its rail businesses; and
- identifying performance issues in Government rail businesses which may indicate potential safety issues.

To deliver these services, the Division is set up as follows:

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

The Division’s activities during 2004-05 focused on providing reports to the community and Minister on rail issues. These issues included advice on: customer views via the Survey of CityRail Customers; advice on the proposed CityRail timetable; and the Rail Performance Agreement. The Division also undertook some monitoring of the Government’s Bus Reforms and commenced research into rail transport performance standards monitoring practices.

Key results for the Service Reliability Division in 2004-05 included:

- RailCorp acceptance of ITSRR comments on and analysis of CityRail reliability; and
- publication of the first ITSRR Survey of CityRail Customers.

Divisional Case Study

Survey of CityRail Customers 2004

In June and July 2004, the Service Reliability Division conducted a survey to identify the service issues of most importance to current and potential CityRail customers. The survey results were released in report form in February 2005.

The survey was the first of a series of independent monitoring surveys being conducted by ITSRR. It canvassed more than 3000 people in suburban Sydney and in regional areas such as the Central Coast, Blue Mountains, Wollongong and the Southern Highlands.

The survey found that train delays and cancellations, punctuality and crowding are the areas of greatest concern to train users. This was not a surprising finding given CityRail’s poor on-time running performance. It did note some positive aspects of CityRail services such as information services, removal of litter from stations and politeness and friendliness of station staff.

The results of the survey were positively received by Government and CityRail’s parent company, RailCorp, and will inform their policy and strategy development.
3. Corporate Strategy Division

The Corporate Strategy Division is responsible for legal services, business strategy, strategic information technology, policy formulation (state and national) and communication functions that support strategic initiatives and decision making.

Accordingly, the Division is structured as follows:

- Legal Services
- Strategic Communications
- Business Strategy
- National Policy Co-ordination

During the year the major focus for the Division included:

• providing legal and policy support for State and national legislative rail safety reform processes;
• heightening rail safety awareness with industry, other regulators and NSW agencies through ongoing liaison, seminars and publications;
• creating information networks for internal staff;
• establishing a corporate planning and reporting cycle with an agreed reporting framework, including developing a Corporate Plan for 2005-06;
• strengthening the data and information capacity of ITSRR and OTSI to support core regulatory and investigation functions.

Key results for the Corporate Strategy Division in 2004-05 included:

• implementing a rigorous internal performance reporting framework;
• preparing the first quarterly progress report on implementation of recommendations of the Waterfall Commission of Inquiry;
• leading the establishment of ITSRR’s cross-transport agency forum (TREC), which achieved 80% of its ambitious workplan, including a review of the implications from the Waterfall Inquiry for other passenger transport agencies;
• advising government on the Transport Legislation Amendment (Waterfall Rail Inquiry Recommendations) Act 2005 which implemented a number of the key

Divisional Case Study

Website Services

A key vehicle for communication with ITSRR stakeholders is its website. Since the first quarter of 2005, ITSRR has been sending email alerts to industry with a hyperlink to the relevant area on the website that has newly posted material. The link may be to a new report, to a Transport Advisory Weekly, to an Information Alert, or to a press release.

During the 2004-05 financial year ITSRR revised its website to tailor it to industry needs and to present the information ITSRR has to offer in a clear, concise and easy to navigate fashion. ITSRR monitors the number of visits to its website and used this information in planning the revision of its website.

In monitoring visits to its website, ITSRR discovered that the new method of email alerts to industry significantly increased the level of traffic to its website. A graphical representation of visits to ITSRR’s website on a quarterly basis is below:

As the above graph demonstrates, visits to ITSRR’s website have doubled in the period from July 2004 to June 2005. In the 2004-05 year the total number of visits to the ITSRR website was 64,930.
recommendations contained the Special Commission of Inquiry Final Report into the Waterfall Accident;
• providing leadership and policy input to the national rail safety reform process;
• managing the IT development program, including the acquisition of an electronic document management system, and development of a centralised database system to manage rail safety information;
• achieving positive stakeholder feedback on communication services, with a doubling of website patronage from last year, (see Divisional Case Study on previous page) and positive feedback from industry and agencies on rail safety seminars;
• completing the legislative review required under section 42W of the Transport Administration Act 1988 which was tabled in Parliament in June 2005.

Forward directions for the Corporate Strategy Division in 2005-06

In the 2005-06 financial year, the Corporate Strategy Division will focus its activities in the following areas:

• reporting on the implementation of the NSW Government’s Response to the SCOI Final Report into the Waterfall Accident;
• continuing participation in the national reform process, with a focus on developing regulations to support the principal legislation;
• heightened and tailored communication activities to support legislative and regulatory functions;
• ongoing review of strategic coordination of transport safety through the Transport Regulators Executive Committee to facilitate information sharing on development of policies and guidance for industry and public reporting;
• consolidation of gains made in developing data and information systems; and
• preparation of necessary regulatory instruments to support implementation of Transport Legislation Amendment (Waterfall Rail Inquiry Recommendations) Act 2005 including regulations for notifiable occurrences and implementation of the National Accreditation Package.

4. Business Services Division

The Business Services Division provides the administrative, financial and human resource services required for ITSRR to operate effectively. The Division undertakes record and document management and manages employee relations, including personnel policies, industrial arrangements and the learning and development function.

During the 2004-05 year, the Business Services Division focused its activities in the following areas:

• developing a centralised document management system;
• undertaking mapping of critical business processes;
• establishing human resource policies;
• developing training programs; and
• general administrative functions covering financial, records management and office management.

Key results for the Business Division in 2004-05 included:

• the completion of substantial training to upskill and equip staff to undertake regulatory functions including compliance officer training for all authorised officers;
• the commencement of the Professional Development Program in Transport Safety with some 30 staff participating;
• the development and implementation of important human resource policies, including performance development, equal employment opportunity, harassment, occupational health and safety and learning and development;
• the recruitment of staff to a range of different roles to ensure capacity to deliver required results; and
Forward directions for 2005-06

In 2005-06 Business Services Division will focus its activities in the following areas:

• effective management of staff and associated training and development requirements;
• the finalisation and deployment of the Corporate Management System;
• the full operation of the electronic document management system;
• the development of a strategy to address the information contained in critical paper files to ensure continued access via electronic means; and
• financial management including management of capital allocation and assets.

Mr Ron Christie, Chairman of ITSRR Advisory Board presenting Authorised Officer certificate to Steven Ford, Senior Audit & Compliance Officer

ITSRR Authorised Officers at graduation presentation.

Divisional Case Study

Electronic Document Management System

In 2004-05, the Business Services Records Unit worked to deliver an electronic document management system to ITSRR that would manage records, reviews and approvals all within the same application.

Substantial work was conducted in ensuring the smooth transition from the current records system and to ensure the new system was configured to comply with the document management standards and approval policies already in place.

Deployment of the system is due to commence in August 2005. Confidence of a successful deployment is high due to the diligent manner in which application and business process interface protocols were tested in the development phase.
5. Office of Transport Safety Investigations (OTSI)

OTSI undertakes investigations into serious rail, bus and ferry accidents and incidents and related transport safety issues. OTSI investigations do not seek to attribute blame, but rather establish the factors and sequences of events which have contributed to causing the incident. They may contribute to identifying systemic issues that need to be addressed.

OTSI also manages a Confidential Safety Information Reporting Scheme 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. These activities are reflected in the table below.

Key results for OTSI in 2004-05 included:
- the completion of recruitment of Transport Safety Investigators. All investigators completed the in-house Human Factors and Investigations Techniques training package, in addition to the mandatory safety qualifications for rail safety officers, and five of the investigators are undertaking the industry graduate program in Safety Science being conducted for ITSRR and OTSI by the School of Safety Science at the University of New South Wales;
- the acquisition of “Tools of Trade” equipment kits for each investigator, including “confined space” detection kits;
- the ratification of the incident reporting system for rail, bus and ferry operations which now represents a comprehensive and effective process with a clear distinction between those matters which are reported to OTSI and those which go to the regulators;
- the review, test and validation of Standard Operating Procedures for the deployment of OTSI investigators to accident sites and the techniques for “at scene” information gathering;
- in-house training in report writing and the standardisation of OTSI investigations 2004-05

<table>
<thead>
<tr>
<th>OTSI action</th>
<th>2004</th>
<th>2004-05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initiated</td>
<td>Completed</td>
<td>Initiated</td>
</tr>
<tr>
<td>Rail</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>Bus</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>Ferry</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>10</td>
<td>3</td>
</tr>
<tr>
<td>No. of Rail Operator Investigation Reports reviewed by OTSI (s66 Rail Safety Act 2002)</td>
<td>na</td>
<td>25</td>
</tr>
<tr>
<td>Total CSIRS reports received by OTSI</td>
<td>na</td>
<td>54</td>
</tr>
<tr>
<td>No. of CSIRS Safety Valve Notices issued to operators</td>
<td>na</td>
<td>17</td>
</tr>
<tr>
<td>CSIRS action completed and case closed</td>
<td>na</td>
<td>25</td>
</tr>
<tr>
<td>Rail</td>
<td>na</td>
<td>6</td>
</tr>
<tr>
<td>Bus</td>
<td>na</td>
<td>-</td>
</tr>
<tr>
<td>Ferry</td>
<td>na</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>na</td>
<td>31</td>
</tr>
</tbody>
</table>

9 Includes only 1 Jan 04 - 30 June 04.
10 Report inherited from the previous rail safety regulator.
11 Similar to a Notice of Emerging Concern.
of the format and presentation of OTSI reports; and

• contribution by OTSI to the review of the Waterfall Special Commission Of Inquiry recommendations and provision of proposals for amending legislation and regulations, particularly in relation to the functional responsibilities of the independent Chief Investigator and the establishment of boards of Inquiry.

Forward directions for OTSI in 2005-06

As a result of the recommendations of the Waterfall SCOI, the following matters will attract OTSI priority in 2005-06:

• reorganisation of the investigation and administration structures of the Office;
• relocation of the Office to new premises, configured as an operational base for transport safety investigations; and
• establishment of MOUs with regulators, police and emergency services to enhance OTSI’s investigatory capability.

In addition, to ensure effective remediation of transport safety deficiencies, OTSI will focus on:

• timely notification of safety critical information to regulators, operators and Government;
• timely completion of accident investigations and submission of reports; and
• analysis of transport safety incidents in other jurisdictions to inform the rail industry in NSW of relevant trends and remedial action.

Divisional Case Study

Review of Shunting Safety Procedures

On 1 July 2004, a shunter was fatally injured when he fell through the skeletal decking of a flat top container wagon during shunting operations in the Port Botany Yard.

The factor which contributed most significantly to this tragic accident was the absence of any safety restraining device or protection which would have prevented the shunter from falling from the wagon. Factors which contributed to the accident included the lack of specified procedures for riding on wagons and the absence of training in acceptable shunting practices.

Among the 15 safety actions which were identified to prevent recurrence, it was recommended that competencies for shunting should be formally established and training of shunting staff should be carried out in accordance with defined procedures that are then subjected to a system of regular worker supervision to improve understanding and compliance.

The Office of Transport Safety Investigation (OTSI) investigated a derailment at Bethungra, NSW that occurred in December 2004.
Industry Overview

Rail Sector

Introduction

In NSW there are about 60 million train kilometres travelled by passenger and freight trains each year. This represents about one-third of all train kilometres travelled in Australia.12

These journeys traverse about 8,500 km of track and associated infrastructure such as stations, bridges and supporting structures, tunnels, overhead wiring, signalling, communication and train control systems. There is an additional 1,200 km of track which is not operational.

Around 1,760 km of the NSW rail network is electrified including for the Sydney Metropolitan Area, Central Coast, Blue Mountains and Illawarra. This part of the network is owned and maintained by RailCorp.

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

- metropolitan, regional and interstate rail passenger services;
- passenger services on self-contained networks such as Sydney Light Rail and Monorail, and Perisher Blue Ski-tube;
- freight rail services;
- heritage railway operators and railway museums; and
- NSW-based manufacturers, constructors and maintainers of rail infrastructure and trains (including rolling stock).

Infrastructure developments in 2004-05

In the year to 30 June 2005 considerable structural changes in the management of rail infrastructure in NSW have been implemented.

The non-metropolitan interstate and Hunter Valley rail lines previously under the control of the Rail Infrastructure Corporation (RIC) were leased to the Commonwealth-owned Australian Rail Track Corporation (ARTC) in September 2004.

RIC continues to manage the remaining non-interstate, non-Hunter Valley regional rail network, and contracts ARTC to provide maintenance services and the network control function.

A detailed infrastructure investment program is an integral component of the lease arrangement with ARTC. In the first half of 2005, planning commenced on a four-year upgrade of the north-south rail network which includes the main rail corridors from Brisbane to Sydney, and Sydney to Melbourne. The changes are part of the integration of NSW into the national rail network to create a unified freight rail network from Western Australia to Queensland.

In metropolitan Sydney, the NSW Government Clearways Plan is a $1 billion initiative to increase capacity and service reliability and frequency on the Sydney rail network. The project will create five separate clearways from the existing 14 interconnected metropolitan rail lines.

The Clearways project is being managed by the Transport Infrastructure Development Corporation (TIDC) in conjunction with RailCorp. TIDC is a State-owned Corporation, which has been established to develop major transport infrastructure projects for the NSW Government. Substantial work has been completed during 2004-05 on the Bondi Junction Turnback which is one component of the Clearways Plan.

Other major metropolitan NSW rail infrastructure projects which have progressed during 2004-05 include completion of tunnelling for the Epping to Chatswood line; completion of the Macdonaldtown turnback; finalisation of a Development Application for a transport interchange at Chatswood station; and commencement of work on the Parramatta station upgrade.

Passenger Rail Services

RailCorp is the major provider of rail passenger services in the Sydney metropolitan area via its CityRail business unit, and in regional NSW through its CountryLink business unit.

The CityRail fleet carries over 265 million passenger journeys each year. On an average weekday there are about 2,600 services carrying over 900,000 passenger journeys from 306 stations.

The CountryLink fleet carried some 1.9 million passenger journeys (in 2004-05) to regional NSW and interstate destinations.

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12 Australian Transport Safety Bureau’s rail transport activity in Australia 2003 data.
Great Southern Railway Ltd, operator of the Indian Pacific, also provides an interstate passenger service between Sydney and Perth.

Outside of the main NSW network, but covered by the Rail Safety Act 2002, are other passenger rail services on self enclosed networks. The Connex operated Sydney Light Rail consists of around seven kilometres of track and 14 stations from Lilyfield to Central Station. It carries about 2.5 million passenger journeys each year. Connex also operates the Sydney Monorail from Darling Harbour to the Sydney central business district carrying around 2.7 million passenger journeys per year.

The Perisher Blue Skitube alpine railway transports passengers 8.2km from Bullock’s Flat (the main car park) into Perisher Valley and Blue Cow Mountain resorts during the ski season. Six kilometres of the track is underground, making it one of the longest train tunnels in Australia.

**Freight Rail Services**

Rail is a significant mode of freight transport in NSW and the number of freight movements is increasing each year. The haulage of coal in the Hunter Valley is the single largest freight task in NSW. Of the 90 million tonnes of freight hauled in NSW, some 74 million was coal. Other rail freight services operating in NSW include the transport of general freight interstate and between major metropolitan and regional centres.

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**NSW Rail System Monitored by ITSRR For Safety**

Map courtesy of Australian Bureau of Statistics.

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14 Rail Infrastructure Corporation Annual Report 2003/04
and the transport of grain and mineral products to manufacturing and port facilities.

In 2004-05 there were sixteen accredited freight rail operators in NSW. Notable developments were the acquisition of Freight Australia by Pacific National (PN) in August 2004 and preparation for the commencement of operations in the Hunter Valley by Queensland Rail National (QRNational) Coal and Freight Division scheduled for July 2005.

In addition to operators whose core business is rail freight such as Pacific National, Queensland Rail, Silverton Rail and Lachlan Valley Freight, many accredited operators are industrial companies such as Grain Corp, Blue Scope Steel, Manildra Group and Blue Circle Southern Cement, where the railway is a component of their overall operations. A proportion of these railways are isolated from the main railway line.

Infrastructure and rolling stock service providers

According to the Rail Safety Act 2002, organisations that manufacture, construct or maintain railway tracks, other rail infrastructure or rolling stock are defined as “railway operators” and are required to be accredited.

In 2004-05 there were 15 accredited manufacturers/constructors or maintainers of infrastructure or rolling stock.

RailCorp and ARTC are the largest maintainers of rail infrastructure.

In addition to the in-house facilities provided by major operators, there is substantial outsourcing across the industry of infrastructure and rolling stock services to contracted service providers.

Accredited railway infrastructure contractors include:

- major civil construction and engineering contractors such as John Holland Pty Ltd, and Barclay Mowlem Construction Ltd;
- organisations involved in the construction of major infrastructure such as the Thiess Hochtief Joint Venture for the Chatswood-Epping rail link; and
- specialist engineering contractors such as Alstom Transport Australia Ltd and Speno Rail Maintenance Australia.

Private sector operators of railway stations that do not operate trains are also required to be accredited. These include:

- Airport Link Pty Ltd – which operates Green Square, Mascot, Domestic Terminal and International Terminal stations; and
- Star City Pty Ltd - and which maintains the light rail station at Star City Casino.

Several manufacturers and maintainers of rolling stock are also accredited including:

- major manufacturers United Goninans Ltd, and EDI Rail Ltd;
- rolling stock suppliers and lessors such Chicago Freight Car Leasing; and
- rolling stock maintainers and refurbishers such as Bradken Rail (Mittagong), Pacific Rail Engineering and Rail Fleet Services.

Heritage Railway Operators

In 2005 the NSW railways celebrates 150 years of operation since the first railway line between Sydney and Parramatta opened in 1855.
There is a range of heritage railways in NSW that make an important contribution to regional tourism and the cultural heritage of NSW. Most of these rely on the input of volunteer workers, many of whom are current or past rail industry employees. Heritage railways are required to maintain accreditation under the Rail Safety Act 2002.

Heritage railways that have operated services on the mainline during 2004-05 include:

- 3801 Limited
- Australian Railway Historical Society (ACT Division)
- Lithgow State Mine Heritage Park and Railway
- NSW Rail Transport Museum
- The Rail Motor Society.

Those heritage railways that have operated services on isolated lines during 2004-05 include:

- Campbelltown steam museum
- Cooma-Monaro railway
- Glenreagh Mountain Railway
- Illawarra Light Railway Museum
- Millennium Parklands Railway
- Richmond Vale Preservation Co-op Society Ltd
- Zig Zag Railway.

Accreditation status is also maintained by the Powerhouse Museum and various regional railway museums, and organisations involved in the maintenance and restoration of rolling stock used by heritage railways.

**Bus Sector**

**Introduction**

The bus industry comprises privately owned operators and the Government’s State Transit Authority (STA). Private operators generally service western and outer metropolitan Sydney, and rural and regional NSW. STA operates services in inner and eastern Sydney, the Northern Beaches and Newcastle. STA also operates services on the Liverpool/Parramatta transit-way by means of a subsidiary corporation – Western Sydney Buses.

**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 safety legislation, 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.
Bus Reform

Until recently, legislation set up two types of bus contracts, commercial and non-commercial. The non-commercial contracts primarily referred to school bus services.

Under a non-commercial contract, bus operators are contracted for a fixed price to provide services (in a region or along a line of route). However, in practice, non-commercial contracts apply only to school student travel. Funding for these 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. Non-commercial contracts have generally only been entered into in country areas or for “village to town” type services.

Under the bus reform being introduced by the Ministry of Transport, only one type of contract will exist in the future.

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

Substantial reform of the bus sector commenced in 2004-05 following the Government’s response to the Review of Bus Services in New South Wales (Unsworth 2004). This response, including legislation, allows for new contracts. The contracts are being progressively rolled out, first in the Sydney metropolitan area, and then in regional NSW. The Minister for Transport announced on 7 August 2005, that nearly all of the metropolitan area is now covered by the new contracts.

In relation to ITSRR’s reliability functions, relevant bus issues include:

- changes to contract standards including new performance measures and performance based incentives;
- twice yearly surveys by the Ministry of Transport (the Ministry) of bus service quality as part of the incentives regime;
- an operational performance regime introduced by the Ministry;
- new reporting systems from bus operators to the Ministry, including the use of electronic technology; and
- a request from the Independent Pricing and Regulatory Tribunal for ITSRR to comment on bus reliability for its review of bus and ferry fares to apply from 2006.
Ferry Sector

Introduction

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

Safety regulation of the ferry sector lies with NSW Maritime, with ITSRR providing a strategic coordination role.

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 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. The service contract regime does not apply to tourist services and charter services.

The legislative framework requires that regular passenger ferry services may only be operated under the authority of a service contract between an operator and the Director-General of the Ministry of Transport. However, it does not require ferry operators to be accredited. Rather, fitness and character and financial viability matters are dealt with under the service contract regime, and safety regulation is principally the responsibility of NSW Maritime.

As with buses, the legislation provides for two types of service contracts: commercial and non-commercial. However, in practice, non-commercial contracts have not been used for procuring ferry services.

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

Regulation of the ferry industry primarily lies with NSW Maritime. ITSRR works closely with NSW Maritime on safety issues affecting both rail and ferries.

16 Sydney Ferries was a division of STA until 30 June 2004 when it was established as a separate State Owned Corporation.
NSW Rail Industry Safety Report

Contents

1. Introduction..................................................................................................................39
2. Rail Safety Statistics.....................................................................................................40
   2.1 Fatalities on the NSW Network.......................................................................40
   2.2 Injuries on the NSW Network.........................................................................42
   2.3 Collisions on the NSW Network.................................................................44
   2.4 Derailments on the NSW Network..............................................................46
   2.5 Level Crossing Incidents on the NSW Network............................................46
   2.6 Track and Civil Irregularities on the NSW Network....................................50
   2.7 Drug and Alcohol Testing............................................................................51
3. Major Rail Inquiries.......................................................................................................53
4. Major Rail Incident Investigations...................................................................................55
   4.1 Incident Investigations Completed..............................................................55
   4.2 Incident Investigations In-Progress July 2004 to June 2005............................56
5. Rail Safety Standards and Guidelines..............................................................................58
   5.1 State Legislation, Regulations and Guidelines............................................58
   5.2 National Initiatives.......................................................................................59
6. Significant Rail Industry Safety Initiatives........................................................................61
   6.1 Rail Network Vulnerability Analysis............................................................61
   6.2 National Accreditation Package....................................................................61
   6.3 Emergency Evacuation of Rolling Stock.....................................................62
   6.4 Train Driver Safety Systems and Automatic Train Protection......................62
   6.5 Train Radio Communications.......................................................................63
1. Introduction

The Rail Safety Act 2002 requires the Independent Transport Safety and Reliability Regulator (ITSRR) to submit an annual Rail Industry Safety Report to the NSW Minister for Transport. This is the second annual Rail Industry Safety Report produced by ITSRR since its establishment in January 2004. The principal role of this report is to summarise key issues and developments in NSW rail safety for the period July 2004 to June 2005.

The 2004-05 year was notable for significant changes in both the management and reporting of rail safety in NSW. The Final Report of the Special Commission of Inquiry into the Waterfall Rail Accident was released in early 2005 and Government and industry made considerable progress in implementing its many recommendations to improve rail safety.

NSW also made important changes to the way in which it classifies and reports rail safety incidents. These changes will, over time, improve consistency in safety reporting and allow exchange of important rail safety information between safety regulators.

This Rail Industry Safety Report summarises rail safety issues for 2004-05 under five themes:

- Rail Safety Statistics (Section 2) – summary data for important rail safety incident categories, with reference to historical records;
- Rail Safety Inquiries Investigations (Section 3) – NSW accident investigations completed, or in progress, during the year;
- Major Rail Incident Investigations (Section 4) – progress on recommendations from the Special Commission of Inquiry into the Waterfall Rail Accident;
- Rail Safety Standards and Guidelines (Section 5) – amendments to rail safety legislation and related guidelines; and
- Key Safety Initiatives (Section 6) – a description of important projects to improve rail safety on the NSW rail network.

Copies of this report are available from the ITSRR website at www.transportregulator.nsw.gov.au
2. Rail Safety Statistics

Section 64 of the Rail Safety Act 2002 requires accredited railway operators to notify ITSRR of all safety-related rail incidents on the NSW rail network. This section of the report presents summary statistics for selected types of safety incidents occurring on the network. It focuses on incidents with potential to lead to serious consequences such as injury and fatality.

The way in which rail safety incidents are classified for analysis changed in January 2005 when NSW adopted a new national rail incident classification scheme (ON-S1). The ON-S1 scheme is part of a nationally standardised reporting framework for comparison and exchange of rail safety information between state, territory and federal rail safety regulators. All state and territory regulators regularly provide ON-S1 coded data to the Australian Transport Safety Bureau for inclusion in the National Rail Occurrences Database.

Major railway operators in NSW began classifying rail safety incidents according to the ON-S1 scheme early in 2005. The statistics in this report are based on incident reports supplied by major operators. The majority of incidents involving small operators are also included as these are generally reported via the major track owners. ITSRR is developing a web-based facility to allow small operators to submit and classify incident reports electronically. It is also sourcing historic records from small operators for classification and entry into its corporate database for future reporting.

To ensure consistency in the classification of incidents over time, in 2004-05 ITSRR undertook a major task to reclassify its entire historical incident record (over 60,000 reports) according to the new scheme. For the vast majority of incidents this was a straightforward process. However, the quality and type of information collected under the former NSW classification scheme was variable and sometimes insufficient for the purpose of reclassification to ON-S1. ITSRR is partway through a process to validate the reclassification of historical incidents on a record-by-record basis.

As a consequence of the these changes, the type and number of incidents summarised below may differ to those reported elsewhere. Furthermore, patterns in the number of incidents through time may reflect, in part, changes in reporting definitions and practices. Of particular importance in this regard is variation, through time, in the amount and quality of information contained in historic incident records. In certain cases, particularly for earlier records, the final decision on the classification of a given incident is a subjective one, based on expert opinion.

2.1 Fatalities on the NSW Rail Network

Under the new national ON-S1 incident classification scheme, certain types of fatalities reported to ITSRR and summarised below will not be included in NSW rail fatality statistics reported nationally – for example, a death on railway premises due to natural causes.

Figure 1 shows total annual fatalities for the 10-year period to June 2005.

Annual passenger fatalities have decreased gradually over time following a peak in the late 1990s. This pattern largely reflects a change in the number of health-related fatalities such as heart attack and substance abuse, which accounted for approximately 60% of all passenger fatalities over the 10-year period. The number of rail-related passenger fatalities also decreased slightly over the same period. The relatively high number of rail-related passenger fatalities in 1999-00 and 2002-03 is associated with the Glenbrook and Waterfall train accidents respectively.

Historically, more than 75% of public fatalities involved incidents at level crossings. Most of the remainder were health-related incidents, occurring in public areas around railway stations. Figure 1 shows public fatalities have stabilised at low levels in recent years. A relatively high number of public fatalities occurred in 1996-97 (10) and 2000-01 (7). All but one of these incidents occurred at level crossings.

The number of employee fatalities has also fallen in recent years. A relatively high number of employee fatalities occurred in 1998-99. All of these (5) were the result of track workers being struck and fatally injured by trains.

Historically, most fatalities on the NSW rail network are associated with trespassers. Unlike the other three categories, trespasser fatalities are generally the result of intentional acts such as suicide, or an unfortunate consequence of other activity such as vandalism or unauthorised crossing of tracks. While difficult to control, trespasser fatalities have fallen slightly in recent years.

1 Accreditation is described further in Section 6.2
2 Under the national incident classification scheme, a trespasser is defined as a person on railway property who, whether it be intentionally or negligently, is in a place they have no right or authority to be. The category of trespasser may also include suspected suicides.
Fatalities – July 2004 to June 2005

As shown in Figure 1, the number of reported passenger, public and employee fatalities in 2004-05 was at, or close to, the lowest observed over the last 10 years. A total of four fatalities were reported to ITSRR for the year, summarised in Table 1. Two of the incidents were investigated by the Office of Transport Safety Investigations, and are described further in Section 4.

A total of 23 other fatalities were recorded on the NSW Rail Network in 2004-05. As in previous years, the majority of these (21) were associated with trespassers being struck by trains. Two people received fatal injuries after jumping from infrastructure onto trains.

Table 1. Public, Passenger and Employee Fatalities – July 2004 to June 2005

<table>
<thead>
<tr>
<th>Date</th>
<th>Category</th>
<th>Location</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 July 2004*</td>
<td>Railway Employee</td>
<td>Port Botany (Sydney)</td>
<td>During shunting operations an employee fell from a moving wagon and was run over by the train.</td>
</tr>
<tr>
<td>27 October 2004</td>
<td>Passenger</td>
<td>Toongabbie (Sydney)</td>
<td>A male passenger fell from the station platform and was struck by a passing passenger train.</td>
</tr>
<tr>
<td>31 March 2005</td>
<td>Member of the Public</td>
<td>Central Station (Sydney)</td>
<td>A member of the public was found unconscious on the concourse. Ambulance crews attended and declared the person deceased.</td>
</tr>
<tr>
<td>31 May 2005*</td>
<td>Member of the Public</td>
<td>Grawlin Plains</td>
<td>A train struck a road motor vehicle at a level crossing, killing the sole occupant of the vehicle.</td>
</tr>
</tbody>
</table>

* Further information on these incidents is provided in Section 4
2.2 Injuries on the NSW Rail Network

The new national incident classification scheme classifies injury as serious or minor, based on whether or not an injured person is admitted to hospital. This is different to the previous classification scheme for NSW, which classified injury into one of three categories based on the length of time a person was likely to be affected by an injury. There is no direct relationship between the two schemes and the information in historic incident reports is generally not suitable for grading severity according to the new scheme. For this report, serious injury statistics are based on a combination of Class 1 and Class 2 injuries of the former scheme.

The number of serious injuries reported to ITSRR for the 10 years to June 2005 is shown in Figure 2. Historically, the greatest number of serious injuries on the NSW network is associated with passengers. Approximately 75% of these injuries were the result of slips, trips and falls on railway property, for example, on trains or station platforms. The number of serious passenger injuries has fallen in recent years and the count for 2004-05 (14) was less than half the longer-term annual average.

The number of public and trespasser serious injuries in 2004-05 was consistent with historical behaviour. However, the number of serious employee injuries in 2004-05 was more than double the longer-term average.

A breakdown of injuries in 2004-05 by incident type (Figure 3) shows that injuries were consistent with known risks, that is, most public injuries occurred at level crossings, most passenger injuries were associated with slips, trips and falls and trespasser injuries were largely the result of being struck by trains.

One notable feature of the 2004-05 data was the high number of employee serious injuries (13) compared to previous years. These injuries (Table 2) were suffered in various circumstances by a range of employee types including track workers, train drivers and train guards.

Figure 2. Serious Injuries on the NSW Rail Network – 1995-96 to 2004-05

Note: Employee includes contractors

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3 Class 1: An injury which permanently alters the future of an individual. Class 2: An injury which for the short term alters the future of an individual (Rail Infrastructure Corporation, 2002, Safety Incident Coding Specification, Version 4.0)
Table 2. Employee Serious Injuries – July 2004 to June 2005

<table>
<thead>
<tr>
<th>Date</th>
<th>Location</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>14 October 2004</td>
<td>Beecroft (Sydney)</td>
<td>Train guard struck by a stone around his eye, resulting in a large gash</td>
</tr>
<tr>
<td>11 December 2004</td>
<td>Sydney Terminal</td>
<td>Train guard pulled from his compartment by a male standing on the platform</td>
</tr>
<tr>
<td>12 December 2004</td>
<td>Nana Glen</td>
<td>Collision between high-rail vehicle 1 and track machine. Two persons in high-rail transported to hospital</td>
</tr>
<tr>
<td>20 December 2004</td>
<td>Port Waratah</td>
<td>Employee severed a finger while operating a wagon door during a freight train inspection</td>
</tr>
<tr>
<td>19 January 2005</td>
<td>Glenfield (Sydney)</td>
<td>Passenger train driver suffered smoke inhalation after extinguishing carriage fire lit by vandals</td>
</tr>
<tr>
<td>14 February 2005</td>
<td>Liverpool (Sydney)</td>
<td>Passenger train driver received an electric shock from the train’s vigilance control equipment</td>
</tr>
<tr>
<td>31 March 2005</td>
<td>Normanhurst (Sydney)</td>
<td>Passenger train driver sustained a severe finger injury while securing an open carriage door</td>
</tr>
<tr>
<td>6 April 2005</td>
<td>Campbelltown (Sydney)</td>
<td>Train driver assaulted by male passenger</td>
</tr>
<tr>
<td>25 May 2005</td>
<td>Muswellbrook</td>
<td>Track worker sustained 2 broken legs after being struck by length of rail during track work</td>
</tr>
<tr>
<td>26 May 2005</td>
<td>Drayton Junction</td>
<td>Track worker struck by track maintenance machine and conveyed to hospital for treatment</td>
</tr>
<tr>
<td>29 May 2005</td>
<td>Town Hall (Sydney)</td>
<td>Cherry picker lowering two employees from overhead wire repairs failed. Both conveyed to hospital</td>
</tr>
</tbody>
</table>

1A vehicle capable of running on road and rail. Generally these are standard road vehicles which have been fitted with a pair of flanged rail wheels on the front and rear (Australasian Railway Association website)
2.3 Collisions on the NSW Rail Network

A collision is an incident where a train (or rolling stock)\(^4\) strikes another object, such as another train, a track obstruction or a person\(^5\).

Collisions vary greatly in terms of their nature and consequences. There are eight specific train collision categories\(^6\) under the new national rail incident classification scheme. Figure 4 shows the number of reported collisions over the last ten years for four collision categories considered by ITSRR to pose a relatively high safety risk. The other four collision categories not reported here are trains colliding with animals, obstructions, missiles and road vehicles\(^7\).

The annual number of train to rolling stock collisions\(^8\) has gradually decreased over the 10-year period. There is also a suggestion of a drop in the annual number of collisions in the second half of the period for both train to train and train to person collisions. The number of train to infrastructure collisions varied over the 10-year period. These incidents comprise a range of events including trains scraping platforms, trains colliding with buffer stops and trains entangling overhead wiring.

\(^4\) Rolling stock refers to the individual pieces of a train, for example, a carriage or wagon. A train is one or more units of rollingstock coupled together.

\(^5\) Under the national incident classification scheme, people struck by trains as part of a suspected or attempted suicide are not classified as train to person collisions.

\(^6\) There is a generic collision category “other” which is not considered in this report.

\(^7\) Most collisions between trains and vehicles occur at level-crossings – these incidents are classified as level crossing incidents and reported separately in Section 2.5.

\(^8\) A train to rolling stock collision is an incident where a train strikes (or is struck by) a piece rolling stock or where one piece of rolling stock...
Collisions – July 2004 to June 2005

In 2004-05 there were 600 collisions involving trains (Figure 5). Over 400 of these were classified as a “collision with missile”. Most collisions with missiles (95%) involved persons throwing stones at trains. In four of these incidents, people were injured as a result of being hit by a missile or by shattered glass from a broken window. Other relatively frequent, but minor low impact incidents included collisions with obstructions (mainly trees) and collisions with animals.

There were 30 reported train to person collisions in 2004-05 with 21 of these resulting in injury or fatality. In 17 of these incidents there were fatalities or injuries to trespassers. Of the other four, one employee and one passenger were killed in separate incidents. One employee was injured when struck by a track maintenance machine, and a passenger was injured after falling from a platform and subsequently being struck by a train.

A total of nine train-to-train collisions were reported in 2004-05. Three incidents involved track maintenance vehicles, one of which resulted in two employees being taken to hospital with injuries. Five incidents involved low-speed shunting collisions. One collision occurred as a result of a swinging door on a freight train striking a window on a passing passenger train.

![Figure 5. Train Collisions on the NSW Rail Network – July 2004 to June 2005](image)

*Note: Casualty is fatality or serious injury. Train to Person Collisions exclude incidents classified as suspected/attempted suicide.*
2.4 Derailments on the NSW Rail Network

A derailment is any incident where one or more rolling stock wheels leave the rail or track during railway operations. Like collisions, certain types of derailments have the potential to cause serious consequences such as injuries and fatalities.

The total number of derailments\(^9\) on the NSW network over the 10-year period to June 2005 is shown in Figure 6. These data include various types of derailment, including trains on running lines\(^10\), locomotives and rolling stock in yards and maintenance-related incidents. There has been a steady decline in the total number of derailments over the last 10 years.

Derailments – July 2004 to June 2005

There was a total of 136 derailments in NSW during 2004-05. This is down from 149 derailments in the previous twelve months and consistent with the longer-term decreasing trend for this type of rail incident. A breakdown of derailments for the 12 months to June 2005 is shown in Figure 7.

A total of 13 derailments involved trains on running lines. These were all freight trains and approximately half of the incidents comprised a single wagon derailment. The remainder of running line derailments had more significant consequences such as multiple wagon derailments and track damage. Four incidents were the subject of accident investiga-
tion by the Office of Transport Safety Investigations (Section 4).

A large number of derailments in 2004-05 were associated with shunting, that is, the movement of trains, locomotives and rolling stock within yards. A subset of shunting derailments have the potential to affect running lines. In 2004-05 there were 30 shunting derailments occurring at points that encroached or had immediate potential to encroach on running lines.

Twenty-five derailments in 2004-05 were associated with track maintenance activity. These generally occurred on running lines and involved a variety of train types, including track machines, ballast trains and high rail vehicles – the latter being standard road vehicles which have been fitted with flanged rail wheels to allow travel along rail tracks.

In most cases, track maintenance derailments occurred during track possessions, when lines were closed for the purpose of track maintenance.

Half of all derailments in 2004-05 (68) were not associated with running lines. These derailments were associated with trains on various types of track away from running lines, or shunting movements in situations where direct impacts on running lines were highly unlikely.

2.5 Level Crossing Incidents on the NSW Rail Network

There are more than 3,800 level crossings in NSW and most are located in regional areas. Apart from train stations, they represent the main point of interaction between the general public and rail operations.

![Figure 6. Derailments on the NSW Rail Network – 1995-96 to 2004-05](image)

---

\(^9\) Under the national incident classification, any derailment that occurs as part of an incident with a more significant outcome, such as a collision, will be classified as that greater outcome.

\(^10\) Under the national incident classification scheme, a running line is defined as railway track used for the through movement of trains; a yard is defined as track other than running lines used for marshalling, shunting, loading or unloading of trains of for other purposes.
Consequently, most rail-related incidents which involve the public occur at level crossings.

The new incident classification scheme has two tiers of classification for level crossing incidents. The first tier classifies incidents according to their type, namely, train-vehicle collision, train-person collision or equipment failure\(^\text{11}\). The second tier separates collisions according to the type of crossing protection, namely, active, passive or unprotected\(^\text{12}\).

Level crossing incidents over the last decade are summarised in Figure 8. The number of people struck by trains at level crossings is low compared to collisions between trains and road vehicles. Over the 10-years to June 2005 there were seven collisions between trains and people compared to 154 collisions between trains and road motor vehicles.

Historically, more collisions between trains and road vehicles occurred at passive crossings than active crossings. However, the number of collisions at passive crossings has fallen in recent years (Figure 8) and is now similar to that for active crossings. A contributing factor to this change is likely to be the removal of a number of crossings and the upgrading of others. Over 20 level crossings have been closed over the past few years and improved level crossing facilities were installed at over 90 sites across NSW in the past two years.

**Level Crossing Incidents – July 2004 to June 2005**

There were 276 level crossing incidents reported to ITSRR in 2004-05. Almost half (128) did not fall within a specific category and were classified as “other”. More than three-quarters of incidents classified as “other” involved damage to level crossing equipment as a result of vandalism or road vehicles colliding with infrastructure.

A breakdown of the remaining level crossing incidents is shown Figure 9. Most incidents (137) were related to failures and defects of level crossing equipment. The failure of equipment very rarely took place in an unsafe mode. Almost half of these incidents involved equipment and signals operating continuously. Other types of equipment-related incidents included power failures and late activation of warning signals.

There were no incidents involving a train striking a person at a level crossing in 2004-05. However, there were eleven incidents where a train collided with a road motor vehicle and these are summarised in Table 3. One of these incidents (Quipolly) resulted in both occupants of the road motor vehicle being taken to hospital with injuries. Another incident (Grawlin Plains) resulted in the death of the driver of the road motor vehicle. This later incident is the subject of an investigation (refer Section 4). The remaining incidents did not report any casualties.

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\(^{11}\) There is a fourth category of level crossing incident under the national incident classification scheme referred to as “other” – this category is not considered in the historical analysis.  
\(^{12}\) Active Crossing: movement of pedestrian and road vehicles actively controlled by devices such as flashing lights, bells or other audible devices, gates and barriers. Passive crossing: movement of pedestrian and vehicles controlled by signs or devices which rely on a pedestrian or driver of road vehicle to detect approach of train by direct observations. Unprotected Crossing: no active or passive control or warning devices.

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**Figure 7. Derailments on the NSW Rail Network – July 2004 to June 2005**

*Note: no reported casualties associated with any incident during this period. The category ‘Other’ comprises various derailments which occurred well away from running lines.*

---

**Table 3. Incidents Involving Road Motor Vehicles**

<table>
<thead>
<tr>
<th>Category</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shunting (directly affecting running line)</td>
<td>25</td>
</tr>
<tr>
<td>Derailment</td>
<td>30</td>
</tr>
<tr>
<td>Shunting (not directly affecting running line)</td>
<td>13</td>
</tr>
<tr>
<td>Running Line Derailment</td>
<td>50</td>
</tr>
</tbody>
</table>
Figure 8. Level Crossing Incidents on the NSW Rail Network – 1995-96 to 2004-05

Figure 9. Level Crossing Incidents on the NSW Rail Network – July 2004 to June 2005.

Note: Casualty is fatality or serious injury.
Table 3. Level Crossing Collisions – July 2004 to June 2005

<table>
<thead>
<tr>
<th>Date</th>
<th>Crossing Type</th>
<th>Location</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>15 July 2004</td>
<td>Active</td>
<td>Eungai</td>
<td>Freight train collided with a road motor vehicle. No casualties reported.</td>
</tr>
<tr>
<td>23 July 2004</td>
<td>Passive</td>
<td>Mumbil</td>
<td>Passenger train collided with a stalled road motor vehicle at level crossing. No casualties reported.</td>
</tr>
<tr>
<td>26 July 2004</td>
<td>Active</td>
<td>Griffith</td>
<td>Freight train collided with a road motor vehicle at level crossing. No casualties reported.</td>
</tr>
<tr>
<td>4 October 2004</td>
<td>Active</td>
<td>Nammoona</td>
<td>Passenger train collided with road motor vehicle at level crossing. No casualties reported.</td>
</tr>
<tr>
<td>3 November 2004</td>
<td>Passive</td>
<td>Walgett</td>
<td>Freight train collided with road motor vehicle at level crossing. No casualties reported.</td>
</tr>
<tr>
<td>28 November 2004</td>
<td>Passive</td>
<td>Quipolly</td>
<td>Freight train collided with road motor vehicle at level crossing.</td>
</tr>
<tr>
<td>7 December 2004</td>
<td>Active</td>
<td>Marinna</td>
<td>Passenger train collided with a tractor at level crossing. Minor injuries to the tractor driver.</td>
</tr>
<tr>
<td>24 January 2005</td>
<td>Passive</td>
<td>Wirrinya</td>
<td>Freight train collided with road motor vehicle at level crossing. No casualties reported.</td>
</tr>
<tr>
<td>27 April 2005</td>
<td>Passive</td>
<td>Gurley</td>
<td>Train collided with vehicle at level crossing. No casualties reported.</td>
</tr>
<tr>
<td>27 April 2005</td>
<td>Active</td>
<td>Wongawilli Colliery Junction</td>
<td>Passenger train collided with the rear of a road motor vehicle at level crossing. The driver left the scene in the vehicle.</td>
</tr>
<tr>
<td>31 May 2005*</td>
<td>Passive</td>
<td>Grawlin Plains</td>
<td>Single locomotive collided with a road motor vehicle at level crossing. Sole occupant of the vehicle was deceased.</td>
</tr>
</tbody>
</table>

* Further information on this incident is provided in Section 4
2.6 Track and Civil Irregularities on the NSW Rail Network

Track condition is an important indicator of rail safety because track-related defects can lead to more serious incidents such as train derailments. The new national rail incident classification scheme has four categories covering specific types of track-related defects\textsuperscript{13}. However, any track-related defect associated with an incident of greater consequence, for example, a derailment, will be classified as that greater consequence.

The number of track-related defects over the last 10 years is shown in Figure 10. There were only a small number of incidents classified as “spread track” over the period. However, over 100 other incidents in ITSRR’s database make reference to spread track. In these cases, spread track was a contributing factor to, or an associated outcome of, a more serious incident such as a derailment.

Broken rails were the most common type of reported track irregularity over the 10-year period, with an average of approximately 120 incidents reported per year. The number of broken rails varies with season because rails are more susceptible to breakage at low temperatures. Approximately half of all broken rails over the 10-year period occurred during the winter months of May, June and July.

Buckled rail incidents encompass a range of defects in the horizontal and vertical alignment of rails. Many of these incidents are also seasonally dependent but, unlike broken rail, are associated with high temperatures. Approximately half of all buckled rails over the 10-year period occurred in summer.

Points are located at the junction of two railway lines. They have moveable rails which are used to direct a train from one track to another. Point failures cover a range of defects including misaligned or broken components and malfunctioning of point motors. The number of point failures have varied considerably over the 10-year period although there is the suggestion of an increase in the number of point failures in recent years.

![Figure 10: Track Irregularities on the NSW Rail Network –1995-96 to 2004-05.](image)

Note: Buckled Rail includes misalignment

\textsuperscript{13} Broken Rail; Buckled Track; Spread Track; Points Failure. Track defects not covered by one of these four categories are reported as “other” which is not considered in this report. The “other” category also includes civil infrastructure irregularities, for example, damage to bridges and station facilities.
Track Irregularities – July 2004 to June 2005

Over 500 track and civil irregularities were reported to ITSRR during the 2004-05 year. More than half of these incidents were assigned to a generic category “other”. This covers a range of defects and circumstances, some of which have specific causes and consequences, for example, broken joints. It is expected the classification scheme will be enhanced in future years to provide for identification and analysis of such incidents.

Figure 11 summarises the number of track-related incidents in 2004-05. It includes other incidents where a track-related defect was identified as a possible contributing factor or as an associated outcome of some other, more serious, event. Most track irregularity incidents were broken rails (124) and more than half of these (68) occurred in the months of May, June and July.

2.7 Drug and Alcohol Testing

The requirement for railway operators to conduct drug and alcohol testing of employees involved in railway safety work was introduced in the Rail Safety Act 2002 and further developed under the Rail Safety (Drug and Alcohol Testing) Regulation 2003. This Regulation and an associated Guideline require all accredited operators to have formal drug and alcohol programs in place. The specific nature of a program will vary according to the size and nature of an organisation’s operation. As a minimum, programs are to include education, testing and assistance with rehabilitation for affected employees.

Railway operators have a number of reporting requirements in relation to drug and alcohol programs. In particular, from 1 July 2004, all operators are required to notify ITSRR of positive test results as well as any instance where an employee refuses to undergo testing. Medium to large railway operators are expected to have comprehensive testing regimes that incorporate both random and targeted testing. They are also required to submit quarterly returns summarising their testing activity.

Program Activity – July 2004 to June 2005

A summary of testing activity is shown in Figure 12. Approximately half of the 71 accredited railway

![Figure 11. Track Irregularities on the NSW Rail Network – July 2004 to June 2005](image)

Note: Buckled Rail includes misalignments.

![Figure 12. Drug and Alcohol Testing Activity – July 2004 to June 2005](image)

Shows median number of tests per quarter

operators in NSW submitted quarterly summaries of testing activity and results in 2004-05. Twenty-two heritage rail operators were not required to submit quarterly returns nor were a number of other small operators.

Based on quarterly activity statements received at the time of writing, approximately 4,000 drug and 35,000 alcohol tests were conducted in NSW during 2004-05. This number of tests is expected to increase in the following year because some railway operators adopted a staged implementation of their programs in 2004-05.

Program Results – July 2004 to June 2005

Table 4 presents summary statistics from the first year of testing. It is based on quarterly returns, which only summarise testing activity and do not provide detailed breakdowns in relation to positive testing, for example, detection rates by test type or individual.

The overall detection rate – the percentage of total tests that yielded a positive result – was higher for drugs (3.0%) than for alcohol (0.4%). These rates are not necessarily representative of operators or railway safety workers in general. Larger operators conduct many more tests than smaller ones so overall rates are heavily influenced by the testing activity and results of these larger operators.

Examination of detection rates by operator shows that over 70% of operators testing for alcohol did not return a positive test. In contrast, only 40% of operators testing for drugs did not return a positive result. However relatively high rates of drug detection were generally associated with non-random testing, for example, “for-cause” testing. This type of testing specifically targets suspected individuals and is not representative of the rail safety or rail worker population in general. Cannabis was the most common drug associated with positive drug tests.

In 2005-06 ITSRR will be compiling all information from quarterly returns and positive testing notifications to determine patterns of detection across operators and types of railway safety work. This information will be used for comparative assessments and to establish benchmarks for the purpose of identifying any organisations with an emerging safety risk associated with drug and/or alcohol use.

<table>
<thead>
<tr>
<th>Outcome</th>
<th>Alcohol</th>
<th>Drug</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of organisations testing for drug and alcohol</td>
<td>30</td>
<td>24</td>
</tr>
<tr>
<td>Approximate random component</td>
<td>95%</td>
<td>80%</td>
</tr>
<tr>
<td>Overall detection rate</td>
<td>0.4%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Organisations reporting no. positive result for year</td>
<td>23</td>
<td>10</td>
</tr>
<tr>
<td>Organisations reporting exactly one positive result for year</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Organisations reporting more than one positive result for year</td>
<td>5</td>
<td>9</td>
</tr>
<tr>
<td>Median organisation detection rate</td>
<td>0.0%</td>
<td>1.2%</td>
</tr>
</tbody>
</table>

1. Total positive tests (all organisations) divided by total tests (all organisations) multiplied by 100
2. Organisation’s total positive tests divided by organisation’s total tests multiplied by 100

---

15 Other factors influencing the quality of data include organisations providing results for prospective employees not subsequently employed or for all employees rather than for rail safety workers. The first year of returns also included some anomalous results associated with the introduction of new testing equipment.
3. Major Rail Inquiries

Special Commission of Inquiry into the Waterfall Rail Accident

On the morning of 31 January 2003, an outer-urban passenger service travelling from Sydney to Port Kembla derailed at high speed and collided with stanchions and a rock cutting near Waterfall, south of Sydney. The train was carrying 47 passengers and two crew. As a result of the accident, the driver and six passengers were killed and many other passengers were injured.

Immediately following the accident, the NSW Government established a Special Commission of Inquiry (SCOI). The SCOI was headed by a former Supreme Court judge and conducted in two stages:

Stage 1: Inquire on the causes of the railway accident at Waterfall on 31 January 2003 and the factors which contributed to it;

Stage 2: Inquire on the adequacy of relevant systems for management of rail safety and any safety improvements to rail operations considered necessary as a result of the findings.

The Commissioner’s findings on the cause of the accident were contained in an Interim Report published on 15 January 2004. The findings and recommendations from Stage 2 of the SCOI were contained in the Final Report published on 17 January 2005. The Final Report made a total 177 recommendations, grouped into 19 safety themes.

NSW Government Response to the Final Report

The NSW Government announced its response to the SCOI Final Report on 22 February 2005. In that response, the Government announced that it supported the majority of the 177 recommendations.

Five recommendations were not supported by Government. These did not relate to safety operations, but concerned the reporting relationships of the Regulator and the Independent Investigator, their structures and certain regulatory processes. Eight other recommendations required further consideration. These concerned Automatic Train Protection systems, RailCorp’s policy of preventing passengers from unlocking and opening carriage doors in an emergency and improving the precision in locating trains on the network.

Responsibility for implementing the recommendations of the SCOI was assigned to five separate parties (Figure 13). RailCorp, who owned and operated the passenger train involved in the accident, was responsible for the bulk of these (103) and ITSRR was responsible for 57.

Implementation of Recommendations

One of final recommendations of the SCOI into the Waterfall Rail Accident was that ITSRR be responsible for monitoring and reporting on progress in implementing the Commission’s recommendations. To achieve this, ITSRR established a system of quarterly reporting, to summarise action taken during each calendar quarter on each recommendation by the responsible agency.

To provide a formal measure of progress, ITSRR developed a system to classify the status of each recommendation when the recommendation was made through to final implementation and verification. Two quarterly reports have been submitted to the Minister since the release of the final report. Figure 14 shows the progress on the implementation of the 177 recommendations over these two quarters. In summary:

![Figure 13. Responsibility for Recommendations of the Special Commission of Inquiry into the Waterfall Rail Accident](image)

<table>
<thead>
<tr>
<th>Responsibility</th>
<th>No. of recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td>RailCorp</td>
<td>103</td>
</tr>
<tr>
<td>ITSRR</td>
<td>57</td>
</tr>
<tr>
<td>OTSI</td>
<td>3</td>
</tr>
<tr>
<td>Not Assigned</td>
<td>3</td>
</tr>
<tr>
<td>Emergency Services agencies &amp; RailCorp</td>
<td>2</td>
</tr>
<tr>
<td>Emergency Services agencies</td>
<td>2</td>
</tr>
</tbody>
</table>

Note: Total of 177 Recommendations made

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Some recommendations had sub-elements making a total of 177 recommendations.
By the end of the first quarter (March 2005), ITSRR had received formal responses to 141 of the 177 recommendations. Twenty-six of the recommendations had been reported as complete by the responsible agency.

By the end of the second quarter (June 2005), the status of most of the responses had advanced significantly with 123 of the 177 responses having been reviewed and accepted by ITSRR. Importantly, 21 recommendations were verified by ITSRR as completed.

Of the 21 recommendations closed by the end of June 2005, five were the responsibility of RailCorp:

- RailCorp’s Rail Management Centre now has a touch screen dial-up facility and a dedicated phone line directly to emergency services for use in the case of an emergency (Recommendations 2 & 27).
- RailCorp has in place a random drug and alcohol testing program which includes voluntary self-identification and rehabilitation to assist workers (Recommendation 56).
- RailCorp has employed a Manager Information Systems to manage the collation of safety information within RailCorp (Recommendation 60).
- ITSRR has appropriate permanent access to RailCorp’s Intranet (Recommendation 62).

The remaining 16 recommendations closed by the end of June 2005 were the responsibility of ITSRR:

- A National Standard for Medical Health Assessments for the rail industry is in place (Recommendation 57 (6 subparts)).
- RailCorp and ITSRR co-operate with national programs for safety critical information (Recommendation 64) and NSW shares data with the Australian Transport Safety Bureau (ATSB) (Recommendation 77).
- ITSRR has confirmed that all ATSB accident investigation reports are made public (Recommendation 75).
- Legislation has been enacted to establish NSW Office of Transport Safety Investigations (OTSI) as a separate agency to ITSRR (Recommendation 78).
- Legislation was amended to provide for OTSI/Chief Investigator to initiate rail accident/incident investigations (Recommendation 79).
- Legislation was amended to clarify that the ITSRR Chief Executive has sole accountability for managing ITSRR and administering rail safety legislation in NSW (Recommendation 113).
- ITSRR actively participates in National Reform processes but will not accept national reform proposals which produce less safe outcomes (Recommendation 120).
- ITSRR has a process in place to provide quarterly reports to the Minister for Transport on the progress made in implementing the Government’s response to the SCOI final report (Recommendation 125 (a) (b)).
- The Minister for Transport has committed to table in Parliament, each such quarterly report by ITSRR (Recommendation 126).
4. Major Rail Incident Investigations

Sections 67 and 68 of the Rail Safety Act 2002 give the Chief Investigator of the Office of Transport Safety Investigation (OTSI) the authority to undertake investigations and reports of rail accidents in NSW. In the period July 2004 to June 2005, seven railway accident investigations were initiated or completed by OTSI.

4.1 Incident Investigations Completed – July 2004 to June 2005

Final Report into a Level Crossing Collision at Baan Baa in May 2004

Late in the afternoon of Tuesday 4 May 2004, a CountryLink passenger service carrying 33 passengers and three crew members collided with a motor vehicle at a level crossing at Baan Baa, in north western NSW. The leading car of the two-car train subsequently derailed and came to rest on its side. As a result of the collision, the single occupant of the car was fatally injured. Four train passengers were hospitalised and other passengers and crew were treated on-site for shock and minor injuries.

OTSI’s final report into the accident was published on 24 February 2005. The investigation determined that the collision at the level crossing was the result of the road vehicle being in a position on the level crossing where it would be hit by the train. The investigation was unable to determine whether the driver of the vehicle moved it to such a position in error or deliberate act.

The investigation found that the mechanical condition of the car and of the train did not contribute to the accident. It also determined that the train driver operated the train within specified limits and that he responded appropriately when it became apparent that a collision was going to occur.

The Final Report contained 12 primary recommendations on a number of safety issues relating to the accident including:

- **The Train Operator (RailCorp)**
  - review arrangements for exit from and access to trains in emergencies;
  - provide safety briefings to inter and intrastate rail passengers prior to the start of journeys;
  - review design, position and protection of fuel tanks on its diesel trains.

- **The Track Manager (Australian Rail Track Corporation)**
  - subject to the findings of the Joint Parliamentary Level Crossing Committee, ARTC and Narrabri Council upgrade the crossing to meet minimum standards required for passive level crossings.

- **The Regulator (ITSRR)**
  - consider installation of systems to allow train drivers to activate warning systems to notify the public of the approach of a train;
  - monitor RailCorp’s progress in response to the report’s recommendations.

In response, ITSRR is considering the feasibility of the recommendations (in particular the recommendation to install warning systems on trains) and will follow up accepted recommendations.

Final Report into Shunting Fatality at Port Botany in July 2004

Early on the afternoon of 1 July 2004, an employee of Lachlan Valley Rail Freight (LVRF) was fatally injured whilst involved in shunting operations at the Port Botany rail yard in Sydney.
There were no eyewitnesses to the accident. The driver of the train involved went in search of the shunter after he failed to respond to a radio communication. The driver found the shunter lying across the track. The shunter was transported to hospital where he was pronounced deceased.

OTSI’s Investigation’s final report into the accident was published on 28 June 2005. It determined that the employee, while riding on a moving wagon, fell through a gap in the wagon’s floor onto the tracks below. The employee was fatally injured when he was run over by the train’s wheels.

The report identified two factors that directly contributed to the accident. One was the employee was riding on the wagon without any form of physical restraint. The second was the design of the wagon itself – the deck on which the employee stood comprised a series of beams with large gaps in between and there was no protection against the danger of falling through the gaps to the tracks below. Several indirect contributing factors were also identified – including deficiencies in risk assessment, staff training, supervision and wagon design (which encouraged unsafe riding).

The report contained 15 recommendations on a number of safety issues relating to the accident including:

**The Train Operator (Lachlan Valley Rail Freight)**

- assess the risk of activities associated with shunting;
- establish competencies necessary for shunting and the means to deliver and assess such competencies;
- ensure training for shunters in accordance with defined procedures;
- implement a system of regular worker supervision.

**The Railway Owner (RailCorp)**

- review safeworking rules relating to shunting;
- advise operators on the need for operator-specific safeworking procedures;
- review the condition of walkways in yards and upgrade as required.

**The Regulator (ITSRR)**

- amend certification requirements for competency assessors;
- audit compliance of operators in relation certification of competency;
- advise operators of the need to review operations to ensure compliance with Network Safeworking Rules;
- advise operators of the Australian Standard requirements for walkways.

4.2 Incident Investigations In-Progress – July 2004 to June 2005

Five other rail accident investigations initiated by OTSI in 2004-05 were in-progress at the time of writing (Table 5). Four of these involved the derailment of freight trains on mainlines. There were no injuries or fatalities associated with these four incidents but a significant amount of damage was incurred to rolling stock and railway infrastructure.

The most recent accident under investigation was a fatal collision between a single locomotive and a 4WD vehicle on a level crossing at Grawlin Plains in the central-west region of NSW. The driver of the vehicle was killed. The locomotive suffered minor impact damage to front and side. There were no injuries to the crew of the locomotive although both members were treated for shock.
### Table 5. Rail Accident Investigations In-Progress – July 2004 to June 2005.

<table>
<thead>
<tr>
<th>Date</th>
<th>Location</th>
<th>Description</th>
<th>Casualties</th>
</tr>
</thead>
<tbody>
<tr>
<td>22 December 2004</td>
<td>Bethungra</td>
<td>Mainline derailment of freight train operated by Freight Australia. Eight of 11 derailed toppled from an embankment and came to rest on either side of the track.</td>
<td>None</td>
</tr>
<tr>
<td>1 March 2005</td>
<td>Lapstone</td>
<td>Mainline derailment of freight train operated by Pacific National. One wagon derailed but the train travelled for almost 5 km before coming to a stop.</td>
<td>None</td>
</tr>
<tr>
<td>7 March 2005</td>
<td>Wauchope</td>
<td>Mainline derailment of freight train operated by Pacific National. One wagon derailed but 3.1 km of track and rail bridge damaged.</td>
<td>None</td>
</tr>
<tr>
<td>6 April 2005</td>
<td>Old Burren</td>
<td>Mainline derailment of a fully loaded wheat train operated by Pacific National.</td>
<td>None</td>
</tr>
<tr>
<td>31 May 2005</td>
<td>Grawlin Plains</td>
<td>Collision between single locomotive and road motor vehicle at level crossing.</td>
<td>1 fatality</td>
</tr>
</tbody>
</table>
5. Rail Safety Standards and Guidelines

5.1 State Legislation, Regulations and Guidelines

The Rail Safety (General) Regulation 2003 was amended during 2004-05. The amendments were made via the Rail Safety (General) Amendment (Miscellaneous) Regulation 2005 which came into effect on 14 January 2005. The amendments covered three areas of rail safety management as described below.

Safety Interface Agreements

Rail organisations are responsible for management of safety issues relating to their area of operation. However, in situations where the operations of one rail organisation interact with those of another, the responsibilities for management of safety-related issues must be clearly defined, for example, when a rail organisation contracts another organisation to undertake maintenance of rolling stock.

A Safety Interface Agreement (SIA) is an agreement between two or more operators which clearly sets out responsibilities at these points of interaction – the “interface”. The purpose of an SIA is to ensure that safety risks of railway operations at interface points are clearly identified and responsibility assigned. In this way the possibility of “gaps” in the coverage of appropriate risk control measures will be minimised.

Under Section 12 of the Rail Safety Act 2002, an applicant for accreditation is required to have a SIA with all other rail operators that interact with their railway operations. A SIA must comply with any requirements prescribed by a regulation under this section of the Act. The Rail Safety (General) Amendment (Miscellaneous) Regulation 2005 prescribes specific requirements for a SIA which must include:

- the parties to the agreement;
- a description of the safety interfaces and an assessment of associated safety risks;
- the controls to manage safety risks (called the risk controls);
- the party responsible for implementing and monitoring the performance of each risk control;
- the party responsible for modifying the operation of each risk control;
- arrangements for the exchange of information between parties and for the conduct of reciprocal inspections and audits by each party;
- the effect on the agreement of any change in ownership of the railway operations concerned or of the parties to the agreement;
- a requirement that contractors and subcontractors of the parties will comply with the agreement; and
- provisions for auditing of the implementation of the agreement by the ITSRR, and provision of information to ITSRR for this purpose.

Passenger Security Policy and Plans

Under Section 13 of the Rail Safety Act 2002, operators of railways involving the carriage of passengers must develop a policy and plan to maximise the safety and security of passengers. A Passenger Security Policy is a statement of a rail operator’s commitment to maximise passenger and staff security in their railway operations. A Passenger Security Plan details how the Policy will be implemented.

Previously there were no regulations prescribing what needed to be included in a passenger security policy or plan and this was a matter for the rail operator itself to determine. The Rail Safety (General) Amendment (Miscellaneous) Regulation 2005 now provides guidance to rail operators on the contents of their policies and plans in relation to passenger security.

Clauses 49B and 49C of the regulation set out requirements for a passenger security policy and plan. A policy must include three elements, namely:

- a statement of the operator’s commitment to passenger and staff security;
- responsibilities and accountabilities of the operator and employees;
- provisions for consultation when developing relevant procedures.
A plan must include 14 elements including:

- an assessment of security risks affecting passengers and staff;
- measures to reduce risks, manage threats and deal with emergencies;
- allocation of responsibilities to appropriate persons;
- collection and sharing of information;
- evaluation, testing and periodic review of the plan and procedures.

**Fatigue Management Provisions**

Fatigue has been recognised as a safety hazard in the transport industry for many years. The consequences of fatigue include decreased alertness, slower reaction times, memory lapses and higher error rates.

The Rail Safety Act 2002 outlines the requirements for rail organisations to manage employee fatigue. It includes specific provisions for various types of rail safety workers regarding maximum shift lengths, maximum number of shifts and minimum breaks between shifts. In 2003, ITSRR issued new guidelines for fatigue management to help organisations establish programs to reduce the incidence of fatigue in rail safety workers.

In certain circumstances, rail organisations may seek to vary the shift limits imposed by such provisions. Examples of when an application for an exemption could apply include:

- a particular site, activity or division of the operations;
- a particular route;
- a demonstration project to trial a new fatigue management system.

The Rail Safety (General) Amendment (Miscellaneous) Regulation 2005 provides for exemptions from the fatigue management provisions of the Rail Safety Act 2002. However, the granting of an exemption does not release an operator from the requirement to ensure that safe working practices and fatigue management are maintained. Exemptions will therefore be issued subject to a series of conditions including:

- the organisation shall continue to manage fatigue in accordance with the requirements of the Rail Safety Act 2002, and the associated regulations or guidelines;
- organisation must adhere to specified standards and demonstrate regular audit and review of specified standards including employee feedback regarding fatigue management.

**5.2 National Initiatives**

**National Model Rail Safety Legislation**

NSW is a signatory to the Inter-Governmental Agreement for Regulatory and Operational Reform in Road, Rail and Intermodal Transport ("the IGA"). The IGA requires the National Transport Commission (NTC) to develop proposed reforms to improve and strengthen the co-regulatory system for rail safety.

ITSRR has been active in the development of the national model legislation to ensure that the reform proposals lead to improved safety management, and are consistent with safety reforms adopted in recent years to strengthen the regulation of rail safety in NSW.

The Australian Transport Council (ATC) recently endorsed the NTC’s policy proposals that will underpin the national model legislation. The NTC proposes to submit draft national model rail safety legislation to transport ministers in December 2005 for voting following a further period of public consultation.

**Regulations – Safety Management Systems and Accreditation**

The NTC is also developing national model regulations addressing safety management systems and accreditation acceptance in the rail industry. The NTC proposes to release a discussion paper for public consultation in September 2005 outlining options for the development of these regulations. The NTC proposes to submit the draft regulations to transport ministers in March 2006.

**Review of institutional arrangements for regulation of rail safety**

In addition, the NTC is proposing to include a review of the institutional arrangements for regulation of rail safety. Included in this review will be an examination of the relation-
ship between government and the Australasian Railway Association’s Code Management Company in the development of industry standards. The NTC proposes to release a discussion paper for public consultation reviewing the institutional arrangements for the regulation of rail safety in October 2005.

**NTC Fitness for duty projects**

The ATC has also asked the NTC to review and develop national policies relating to three key safety issues: fatigue, drugs and alcohol testing, as medical fitness for safety-critical rail workers.

**Fatigue Management Review in the Rail Industry**

The NTC is conducting a review of fatigue management in the rail industry. The Rail Industry Code Management Company, representatives of rail safety regulators, rail operators and the Rail Tram and Bus Union are participating in the review. The NTC proposes to submit final proposals to the ATC in December 2005.

**Drugs and Alcohol Review in the Rail Industry**

The NTC established a review to develop a set of national policies, standards and codes/guidelines for effectively managing the use of drugs and alcohol in the rail industry. The Rail Industry Code Management Company, representatives of rail safety regulators, rail operators and the Rail Tram and Bus Union are participating in the review. The NTC proposes to submit final proposals to the ATC in December 2005.

In relation to both the Fatigue Management review and the Drugs and Alcohol review, ITSRR is forwarding the findings of the NSW reviews on these issues to the NTC for consideration in the national reviews to ensure national uniformity or consistency.

**National Standard for the Health Assessment of Rail Safety Workers**

The ATC approved a National Standard for the Health Assessment of Rail Safety Workers in April 2004. This was the first time all States and Territories have adopted a common system of health assessment arrangements for rail safety workers. This national consistency will help rail organisations operate more efficiently across State and Territory boundaries.

The Standard adopts a risk management approach and reflects contemporary medical knowledge and societal values. It incorporates advances in medical knowledge and current understanding of the impact of certain health conditions on safe working and addresses the deficiencies in recent rail safety crash investigations.

The new standard was adopted by all States and Territories on or before 1 July 2004. The arrangements for phasing in the medical examinations are contained in the standard.
6. Significant Rail Industry Safety Initiatives

6.1 Rail Network Vulnerability Analysis

The current approach to management of rail safety in NSW, as for the rest of Australia, is one of co-regulation. Under this system, primary responsibility for rail safety lies with the rail industry. Rail organisations are therefore responsible for ensuring they have processes in place to identify safety risks associated with their particular operations, and apply appropriate control measures to reduce or eliminate accidents.

ITSRR’s role as the safety regulator is to review the adequacy of operators’ risk assessment processes and ensure they include, where relevant, measures to address known major risks applicable to the NSW rail network in general. To ensure ITSRR is suitably informed to undertake such reviews a Vulnerability Analysis Project was undertaken in 2004-05.

The purpose of the Vulnerability Analysis Project was not to analyse all risks associated with the NSW rail network. Rather, the project focussed on a set of generic major incidents that could lead to multiple injuries or fatalities. The analysis involved developing a range of scenarios that may lead to each major incident type and then performing a detailed analysis of each scenario to assess:

- the range of hazards likely to lead to a particular major incident;
- the known defences in place to control such hazards;
- any deficiencies or gaps in the current controls;
- recovery measures available to minimise the severity of an incident.

The final report from the Vulnerability Analysis Project was completed in mid-2005. The findings from the report have given ITSRR a greater understanding of the types of hazards that pose a significant threat to safety on the NSW network. The knowledge gained from the Vulnerability Analysis Project is being used by ITSRR in its review of accreditation applications as well as to inform decisions on the targeting of its general compliance activities, for example, audits and inspections across the network.

6.2 National Accreditation Package

The Rail Safety Act 2002 specifies requirements for the accreditation of railway operators. Accreditation provides a means to formally attest that railway operators have established suitable systems for the ongoing identification, assessment and management of safety risks associated with their particular operation.

In November 2004, the Australian Transport Council (comprising Federal, State and Territory and New Zealand Transport Ministers) endorsed a National Accreditation Package (NAP) which was developed by ITSRR in conjunction with other State and Territory regulators.

Michael Cleary, Senior Audit and Compliance Officer, and Catherine Herriman, Director Safety Strategy conducted a safety inspection at Port Botany during 2004-05.
The Package includes:

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

The NAP applies to any new accreditations from 31 January 2005. All railway operators that hold an existing accreditation must comply with the requirements of NAP by 30 June 2006.

The NAP will be used as the basis for the development of national model legislative requirements for accreditation by the National Transport Commission (see Section 5.2).

6.3 Emergency Evacuation of Rolling Stock

In the early to mid 1990s, a number of injuries and fatalities occurred as a result of people opening doors and jumping or alighting from moving passenger trains. In response to this, the then State Rail Authority introduced a policy to keep doors closed while trains are in motion via central locking. Under this policy, train crews have sole control over the opening and closing of doors.

The Waterfall rail accident that occurred in 2003 was an example of an accident in which the train crew became incapacitated and passengers were unable to evacuate the train due to closed doors. This accident highlighted the need for a review of the passenger containment policy.

In November 2004, ITSRR released a report on train door emergency egress\(^{18}\). The report summarised the results of an extensive review of existing information and experiences in Australia and overseas on the issue of train emergency evacuation and associated policies and procedures. The purpose of the report was to examine whether a standard should be created in NSW covering train emergency evacuation procedures, door egress and access and associated equipment. The report concluded the current door security policy adopted by RailCorp should be amended so that passengers have the ability to open train doors and leave trains in an extreme emergency. The report stressed that the preferred means of train evacuation following an emergency is (as it is currently) for the driver to stop at the closest station, open doors onto the platform and for the train crew to control passenger egress from the train. Providing passengers with the ability to open doors and evacuate themselves is a last resort that should only occur in the situation where to remain on the train could pose a greater danger than that posed by exiting the train.

ITSRR is currently developing a draft standard covering train emergency egress, access and evacuation procedures in line with the findings of the report. ITSRR has also requested such a standard be developed nationally via the National Transport Commission in consultation with industry. In the interim, ITSRR is working with RailCorp to ensure that the current risk of passengers being trapped in a train in the event of an extreme emergency is minimised.

6.4 Train Driver Safety Systems and Automatic Train Protection

The Special Commission of Inquiry (SCOI) into the Waterfall Rail Accident in 2003 found that the accident occurred because of a failure of the deadman system of the train and the absence of any back-up defence to this failure. The deadman system is a foot pedal or hand-operated device designed to bring the train to a stop if a driver fails to maintain pressure on it.

The SCOI also concluded that the accident could have been avoided if another type of engineering defence – a vigilance device – had been fitted to the train to provide an additional defence against driver incapacitation and the failure of the deadman system. Recommendation 31 of the SCOI required all trains to be fitted with a minimum of two independent engineering defences to minimise risk of collision or derailment in the event of driver incapacitation.

Historically, all of RailCorp’s metropolitan and outer-metropolitan trains were fitted with a deadman system. However, in response to the recommendations of the SCOI, RailCorp has progressively installed vigilance devices on all its passenger trains. As of December 2004, all of the suburban fleet had been fitted with vigilance control devices. One exception is the 600 class railcars that operate in the Hunter Valley. In the 600 class railcars the guard will travel with the driver as an interim measure until these cars are phased out at the end of 2005.

The fitting of two independent engineering devices is an important step in minimising the risk of passenger train collisions or derailments. The SCOI into the Waterfall Rail Accident also recommended that RailCorp should progressively implement Automatic Train Protection (ATP). ATP systems are more advanced technologies which can automatically override a driver if a train is behaving in an unauthorised way in relation to network constraints.

Prior to the release of the SCOI Report, both RailCorp and the ARTC, which manages NSW’s interstate rail lines, were examining the feasibility of introducing ATP systems on their networks. ITSRR will also facilitate a detailed review of the applicability of ATP systems to the NSW network in conjunction with RailCorp and ARTC and work with the broader rail industry through the Australasian Railway Association (ARA) on the applicability of a different type of ATP on the NSW and interstate rail network.

6.5 Train Radio Communications

The Special Commission of Inquiry into the Glenbrook Accident in 1999 and the Waterfall Rail Accident in 2003 highlighted the importance of compatibility of communication equipment used on the NSW rail network. Communication deficiencies were identified as a major cause of the Glenbrook rail accident. Communication deficiencies also hindered the response of emergency services to the Waterfall accident.

One of the key recommendations arising from the Waterfall SCOI was the need to ensure interoperability of communications equipment between trains operating on the NSW network. In 2004-05, an interim solution using existing analogue technology was developed to enable inter-operability during an emergency situation. This solution involves the integration of the MetroNet and CountryNet radio systems to expand the existing CountryNet radio system into the metropolitan area through the use of the Voice Communications System (VCS) which is installed at RailCorp’s Rail Management Centre.

In the event of an emergency, the VCS will be used to manage radio calls from train drivers operating in the metropolitan area to train controllers and signallers. Therefore during an emergency situation, the train controller will be able to communicate simultaneously through a “broadcast call” with passenger and freight trains in the immediate vicinity of the train that initiated the emergency. In December 2004, the state’s major freight operator (Pacific National) completed an upgrade of software on its rolling stock to enable this link. A regulation to mandate the functionality of train radio communications in NSW is currently being drafted by ITSRR.

Over the longer term, current incompatibilities between different types of communications equipment will be addressed using digital technology as part of the development of a national functional standard. A national working group led by the Australasian Railways Association (ARA) is working towards the adoption of a single communications standard for metropolitan rail track whilst ensuring interoperability with the non-metropolitan area.

This task requires significant technical development, consultation and investment by both Government and the private sector and is not due for implementation until 2010. ITSRR, as the Regulators’ representative on this working group, will continue to actively support and contribute to the development of a national communications standard.

ITSRR prepared a report recommending changes to emergency evacuation procedures in November 2004.
# NSW Transport Reliability Report

## Contents

1. Introduction.................................................................65
2. Rail..............................................................................66
   - Background..................................................................66
   - RailCorp...................................................................66
   - Rail Services............................................................66
   - Metropolitan Rail Area Network...............................72
   - The Country Network and Rail Infrastructure Corporation........74
   - Governance.............................................................75
   - Country Regional Network: Standards and results............75
   - ARTC lease network standards and results...................78
   - Comments and outlook for 2005-06..............................78
3. Bus.............................................................................80
   - Background.............................................................80
   - Bus Reform.............................................................80
   - Current performance results......................................82
   - ITSRR’s future work - service quality index..................85
4. Ferries........................................................................86
5. Transport Coordination...............................................87
6. Summary and conclusion............................................88
   - Rail.......................................................................88
   - Bus and ferry.........................................................88
1. Introduction

In 2004-05 standards were in place for rail infrastructure, CityRail and CountryLink services, and bus and ferry services.

These performance standards are set by Government. They are included in the performance agreements[^1] and contracts administered by the Ministry of Transport. The scale of the transport task covered by the agreements and Government funding is illustrated in Table 1.1.

The following sections deal with performance against these standards in:

- Rail (Section 2)
- Bus (Section 3)
- Ferries (Section 4)
- Transport Coordination (Section 5).

A summary and conclusions are presented in Section 6.

### Table 1.1: NSW Government funding and transport task 2004-05

<table>
<thead>
<tr>
<th>Main task</th>
<th>Payments from Government</th>
</tr>
</thead>
<tbody>
<tr>
<td>RailCorp – CityRail Urban rail transit 268.8m passengers Provision of Metropolitan Rail Area network</td>
<td>$1257m (a)</td>
</tr>
<tr>
<td>RailCorp – CountryLink Long distance rail passenger 1.6m passengers</td>
<td>(b)</td>
</tr>
<tr>
<td>Rail Infrastructure Corporation (c) Provision of 3900km country regional track for freight and passenger trains</td>
<td>$123m</td>
</tr>
<tr>
<td>State Transit – Sydney Buses and Newcastle Bus and Ferry Services Urban transit bus 200.3m passengers</td>
<td>$242m</td>
</tr>
<tr>
<td>Private bus Urban transit and school students (d)</td>
<td>$442m</td>
</tr>
<tr>
<td>Sydney Ferries Corporation Ferry 13.5m passengers on Sydney Harbour</td>
<td>$45m</td>
</tr>
<tr>
<td>Other (e) Various</td>
<td>$70m</td>
</tr>
</tbody>
</table>

(a) Includes CountryLink, excluding capital.  
(b) Included in RailCorp CityRail.  
(c) Hunter Valley and interstate lines were leased to ARTC in September 2004.  
(d) Metropolitan daily task is reported to be 367,000 per weekday, of which some 110,000 are on school buses.  
(e) Includes RTA - Transitway capital grant, public transport infrastructure, non-cash capital grants - interchanges and parking, Integrated Ticketing - contribution to private Transport operators.

**Sources:**
- 2004-05 task and payments from Budget Paper No. 3, 2005-06.
- Track km from ITSRR State of the System (forthcoming).
- Private bus patronage from Table in Sydney Bus Reforms 97% Complete News Release by the Minister for Transport, Minister for State Development, August 7 2005

[^1]: Funding agreements and performance agreements superceded the rail Community Service Obligation (CSO) agreements during 2004/05.
2. Rail

Background

The Government has reliability performance standards in place for RailCorp’s CityRail and CountryLink passenger train services, including a Rail Performance Agreement. It also has an agreement in place for Rail Infrastructure Corporation’s (RIC) rail infrastructure on the Country Regional Network, which includes some output performance standards for that infrastructure (although there are no comprehensive standards for infrastructure condition).

RailCorp

Background and the Rail Performance Agreement

The Government’s agreements with RailCorp for reliability standards deal with three broad areas: CityRail and its services; CountryLink and its services; and the Metropolitan Rail Area network infrastructure. The key document is the Rail Performance Agreement between the Minister for Transport and RailCorp. This Agreement is required by legislation2. Together with the Funding Agreement between the Ministry of Transport and RailCorp, the Rail Performance Agreement replaced the CityRail Services Agreement during 2004-053.

The new Rail Performance Agreement seeks three outcomes from the system operated by RailCorp. These align with the objectives set for RailCorp by the legislation. The outcomes are:

1. Clean, safe, secure and reliable railway passenger services in NSW provided in an efficient, effective and financially responsible manner. Although safety remains paramount, a priority is to return reliability of CityRail services to acceptable levels;
2. For that part of the NSW rail network vested in or owned by RailCorp, RailCorp is to enable the effective provision of safe and reliable passenger and freight services.
3. Organisational capability and culture necessary for responsible management, a strong safety culture and a commitment to excellent customer service.

Outcome 1 relates to CityRail and CountryLink passenger services. Outcome 2 relates to the management of the Metropolitan Rail Area network infrastructure and network control. Outcome 3 relates to internal rail matters, and is of lesser interest in this report.

In each of the outcome areas there are performance indicators, and for most of these indicators, targets are set. Following the signing of the Agreement, RailCorp has been providing monthly reports on performance to the Ministry of Transport. These form the basis for most of the comments below.

Rail services

CityRail

Aspects of CityRail performance monitored under the Rail Performance Agreement include matters under the headings of reliability, secure environment, and customer service and capacity-demand matching.

Reliability

The performance indicators in the Agreement embody a more narrow definition of reliability than in ITSRR’s legislation4. The Agreement refers to service cancellations, skipped stops and on-time running.

Results for 2004-05 peak hours are shown in Table 2.1.

The operational difficulties experienced by CityRail in 2003-04 continued into 2004-05, notwithstanding the introduction of a Reliability Improvement Plan.

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2 Transport Administration Act (1988), s.17C.
3 Referred to in ITSRR’s 2003-04 Annual Reliability Report.
4 Legislation for ITSRR defines reliability as: quality, effectiveness and efficiency of the service, having regard to the following matters: (a) management and administration of infrastructure, assets, resources and liabilities, (b) fulfillment of obligations under contracts and arrangements relating to the provision of services, including timeliness and quality of services, (c) any other matters prescribed by the regulations.
All CityRail lines were adversely affected. The best performance for punctuality was for the South Coast intercity line, and the worst on the Main South suburban line (Fairfield, Liverpool). Overall performance did not substantially improve through the course of 2004-05.

ITSRR’s Survey of CityRail Customers 20045 confirmed the perceptions of the impact of poor reliability on passengers. Delays and cancellations (identified by 56 percent of respondents) and punctuality (54 percent) were the top two aspects of service for which passenger expectations of CityRail services were not being met. Together with crowding (53%), these results were substantially higher than those for other elements of service quality such as cost, temperature and cleanliness. This may be attributable to the fact that where there are fewer services (such as in the off peak), poor performance in time running, skipped stops, delays and cancellations will lead to longer delays for some individual passengers.

During 2004-05, RailCorp provided the Ministry of Transport and Government more detailed statistics as to reasons for this poor performance. These statistics relate to “incidents”. A high level of incidents is usually associated with low on-time running, as depicted in Figure 2.1. This shows CityRail peak on-time running and incidents by month from July 1999.

<table>
<thead>
<tr>
<th>Table 2.1: CityRail Services Reliability 2004-05</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Target</strong></td>
</tr>
<tr>
<td>Peak hours timetabled services cancelled</td>
</tr>
<tr>
<td>Stops skipped (peak hours)</td>
</tr>
<tr>
<td>Metropolitan on-time running</td>
</tr>
<tr>
<td>Intercity on-time running</td>
</tr>
<tr>
<td>Total CityRail on-time running</td>
</tr>
</tbody>
</table>

(a) Changed to 5 minutes from 1 July 2005.
(b) Changed to 6 minutes from 1 July 2005.

Source: RailCorp reports to the Ministry of Transport.

5 Survey of CityRail Customers 2004 ITSRR February 2005. Note that this survey included both peak and off-peak services.
ITSRR assisted the Government with an analysis of the incident statistics. Major incident types contributing to performance in 2004-05 included those related to crew, infrastructure and fleet.

In the latter stages of 2004-05, RailCorp made intensive preparations for the new CityRail timetable to be introduced in September 2005. RailCorp expects the new timetable to significantly improve on-time running. This is due to an expectation of some reduction in delays arising from particular incidents, and also an expectation of a reduction in some incident types, for example train crew related incidents. However, fewer services will operate (including at off-peak times). ITSRR intends to closely monitor performance once the new timetable is introduced.

The rail Clearways Plan, noted in last year’s report, is expected to improve CityRail reliability. Construction of the first of the 15 projects, the Bondi Junction turnback and the Macdonald-town stabling, has commenced. However, this is a longer term initiative with CityRail expecting measurable improvements from 2008.

Secure Environment and Customer Service

ITSRR’s Survey of CityRail customers published in February 2005 found that the secure environment, staff politeness, website information and station cleanliness met customer expectations.

The Rail Performance Agreement’s indicators under the heading of secure environment include offences against persons e.g. assault, robbery, and vandalism. The data shows a decline in offences against persons in 2004-05, continuing an earlier trend. RailCorp notes that this decline coincides with the introduction of Transit Officers onto the network.

Customer service indicators include availability of ticket machines, public address systems, closed circuit television (CCTV) and help points. RailCorp notes that all measures are within or very close to current targets – as shown in Table 2.2. Some care needs to be used in interpreting figures such as shown in this table, as they do not capture customer experience. It is possible for certain customers, or indeed a number of customers, to have adverse experiences without this being evident on these figures. For example, the availability of ticketing does not indicate the length of time taken by a customer to buy tickets. Another example of this is the type of communications issues identified in a report of the Auditor General regarding CityRail’s management of service disruptions6.

Capacity-Demand Matching

Capacity-demand matching relates to crowding. As noted above, crowding was rated by customers as one of the top three areas where expectations of CityRail were not being met in 2004.

Crowding is generally a function of the number of train services, the timetable, and the number of

<table>
<thead>
<tr>
<th>Table 2.2: Passenger facilities available</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Target</strong></td>
</tr>
<tr>
<td>CityRail ticketing systems</td>
</tr>
<tr>
<td>CCTV availability</td>
</tr>
<tr>
<td>Help point availability</td>
</tr>
<tr>
<td>PA systems on trains</td>
</tr>
</tbody>
</table>

Source: RailCorp reports to the Ministry of Transport.

In urban transit systems such as CityRail, crowding occurs during commuter peak hours, e.g. journeys to and from work, and schools. There are well known “imbalances” in passenger demand through the day, and system design and operation aim to provide capacity for peak loads while seeking to minimise costs. Typically rail systems have large and relatively fixed capacity, meaning they are not as flexible as some other modes in adapting to changing demands. Operational matching of capacity with demand is achieved via the timetable.

NSW Government standards for crowding include that only 5% of peak period train services should have a load factor of more than 135%, i.e. crowding is a load greater than 135%7. In terms of a Millennium train with a seating capacity of around 900, this would equate to a train load of near 1220.

CityRail measures the crowding on trains by twice-yearly surveys of certain trains at particular stations. CityRail also conducts some counts of passengers passing through barriers at particular stations.

The previous CityRail Services Agreement specified the number of train services to operate on particular lines in particular time frames, provisions that were not in the Rail Performance Agreement during 2004-05. This places greater importance on crowding indicators under the Rail Performance Agreement.

In 2004-05, RailCorp reduced the number of CityRail services. RailCorp also sought to improve performance in the p.m. peak by allowing for greater flexibility to recover from incidents during and after the a.m. peak. Such measures should not increase reported crowding, as the affected services were relatively lightly patronised. The new timetable, introduced in September 2005, further reduces services including off-peak services.

Notwithstanding this and a reported decline in overall patronage,8 crowding on trains as measured by CityRail increased significantly in 2004-05. In the result for March 2005, crowding exceeded target levels with 12% of surveyed peak trains reporting crowding compared with, compared with 8% in September 2004 and 7% in March 2004.

CityRail also has been noting some increase in the number of passengers passing through CBD station barriers. These results, of fewer passengers but crowding on more trains, may give rise to questions about the methodologies used to measure patronage and crowding.

ITSRR will be discussing these matters with RailCorp and the Ministry of Transport in 2005-06, as part of the intense monitoring of performance under the new timetable, and in the context of comments suggesting that the substantial increase in petrol prices through 2005 is likely to increase public transport usage.

### Complaints Handling

RailCorp provides complaints data to ITSRR. Together with surveys of customer satisfaction, this is potentially an important source of information about perceptions of CityRail services. Table 2.3 provides a summary for the number of complaints and time taken by RailCorp to respond in 2004-05.

In 2004-05 complaints increased by 2.2% compared with 2003-04. The overwhelming reason for this was the increase in complaints about on-time running, some 283 per month or 20% above that for 2003-04. Complaints in most other categories declined or remained stable, except for complaints about the timetable which increased by 59%. These results, and the increase in complaints on nearly all lines, reflect CityRail’s performance in the year.

---

7 The indicator referred to in reports under the Rail Performance Agreement is: “percentage of Peak CityRail suburban trains at a load factor above 135% and where there was no alternative train within 15 minutes”. The target is 5% by 2008. The reference to peak hours in this indicator reflects the likelihood that these will be the more crowded trains.

8 RailCorp reported that total CityRail patronage fell by 4.5 million or 1.6% in 2004-05. Rail Corp has suggested that the availability of Pensioner Excursion Tickets on private buses may account for a significant proportion of this fall – CityRail estimates patronage from ticket sales.
Times taken to respond to customers decreased on average, due to faster turn-around of complaints made via 131500. It should be noted that most complaints are made to this line. However, response times increased in some other categories for complaints made via a letter or online.

**CountryLink**

The declining trend in CountryLink patronage that commenced in late 2001 continued in 2004-05, with a fall of 8 per cent compared with 2003-04. Passengers and seat utilisation are shown in Table 2.4.

<table>
<thead>
<tr>
<th>CountryLink service regions</th>
<th>Passengers monthly average</th>
<th>Seat utilisation (load factor)</th>
</tr>
</thead>
<tbody>
<tr>
<td>North</td>
<td>51802</td>
<td>47%</td>
</tr>
<tr>
<td>North-West</td>
<td>16567</td>
<td>54%</td>
</tr>
<tr>
<td>West</td>
<td>24797</td>
<td>37%</td>
</tr>
<tr>
<td>South</td>
<td>49241</td>
<td>46%</td>
</tr>
</tbody>
</table>

(a) Includes replacement coach services.

Source: RailCorp August 2005.

Although CountryLink operates coaches, on-time running is reported for train services only. Table 2.5 shows that on-time running (to 10 minutes) averaged 79% across the year. There was considerable variation in on-time running between the different services with the Sydney–Melbourne XPT attaining only 53%. There was also considerable variation between months with a low of 60% in April 2005 and a high of 83% in August 2004. It was noted that on-time running has, in recent years, followed an oscillating pattern.

CountryLink reduced the maximum speed of its trains from 160km/h to 120km/h following the level crossing collision and derailment of a train at Baan Baa in the north west of the State in May 2004.

The main contributor to the late running of CountryLink trains was faulty rolling stock which accounted for 14% of the lost time. Speed restrictions, generally attributable to the condition of the track, accounted for 12% of the lost time. The most frequently occurring incidents which cause delays relate to passengers and luggage; however, such incidents

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**Table 2.3: Complaints and Complaint Resolution, CityRail 2004-05**

<table>
<thead>
<tr>
<th>Topic</th>
<th>Number of complaints</th>
</tr>
</thead>
<tbody>
<tr>
<td>on time running</td>
<td>1197</td>
</tr>
<tr>
<td>timetable</td>
<td>146</td>
</tr>
<tr>
<td>service</td>
<td>184</td>
</tr>
<tr>
<td>about staff</td>
<td>284</td>
</tr>
<tr>
<td>information</td>
<td>209</td>
</tr>
<tr>
<td>ticketing</td>
<td>266</td>
</tr>
<tr>
<td>safety and security</td>
<td>199</td>
</tr>
<tr>
<td>cleanliness and facilities</td>
<td>178</td>
</tr>
<tr>
<td>Total</td>
<td>2737</td>
</tr>
</tbody>
</table>

**Table 2.4: CountryLink Passengers and Seat Utilisation 2004-05 (a)**

<table>
<thead>
<tr>
<th>CountryLink service regions</th>
<th>Passengers monthly average</th>
<th>Seat utilisation (load factor)</th>
</tr>
</thead>
<tbody>
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<td>51802</td>
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</tr>
<tr>
<td>South</td>
<td>49241</td>
<td>46%</td>
</tr>
</tbody>
</table>

(a) Includes replacement coach services.

Source: RailCorp August 2005.
are relatively short in duration.

Customer service indicators include complaint management and bookings. At this time indicators for internal carriage condition (e.g. seating) are yet to be developed.

There were 1,832 complaints during the year. This represents a 36% reduction in complaints compared with 2003-04. One-quarter of the complaints related to the quality and level of service.

Indicators of responses to bookings calls are shown in Table 2.6. In comparison to result for 2003-04, each of these has increased. It must be noted that performance reported for time taken to answer calls does not strictly accord with the target. However, the average response time is greater than the target.

<table>
<thead>
<tr>
<th>Table 2.5: CountryLink Train On-time running 2004-05 (a)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CountryLink service regions</strong></td>
</tr>
<tr>
<td>North Coast</td>
</tr>
<tr>
<td>North-west</td>
</tr>
<tr>
<td>West</td>
</tr>
<tr>
<td>South</td>
</tr>
<tr>
<td>Canberra/Griffith</td>
</tr>
</tbody>
</table>

(a) Includes replacement coach services

Source: RailCorp August 2005.

<table>
<thead>
<tr>
<th>Table 2.6: CountryLink Bookings- Sydney, Newcastle, Melbourne Call Centre Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CountryLink services</strong></td>
</tr>
<tr>
<td>Percentage of calls answered within 30 seconds</td>
</tr>
<tr>
<td>Average call time</td>
</tr>
<tr>
<td>Percentage of calls not answered (a)</td>
</tr>
</tbody>
</table>

(a) Number of calls received to numbers of calls lost.
(b) Targets sourced from 2003-04 Annual Reliability Report.

Metropolitan Rail Area Network

A number of infrastructure indicators are referred to in the Rail Performance Agreement for the Metropolitan Rail Area. While the Agreement does not set standards or targets for these, the Ministry of Transport’s interest appears to be in the understanding of trends. However, some targets are set within RailCorp.

Infrastructure incidents that may cause train delays include failures in signalling equipment and track faults. In some cases, temporary speed restrictions are imposed due to track condition, and these may also result in train delays.

Since 2001, there has been increased infrastructure maintenance and renewal work on the Metropolitan Rail Area network and this continued in 2004-05. However, in 2004-05 the number of infrastructure incidents causing train delays was still significantly above RailCorp’s targets. The second half of the year saw some evidence of the start of an improving trend, although given the relatively short period of time – and the possibility of seasonal influences - it is not possible to draw firm conclusions at this time.

Condition indicators

RailCorp reports a number of condition related indicators to the Ministry of Transport in the Rail Performance Agreement. These include an aggregated track condition index, the number of broken rails and misalignments, and the number of temporary speed restrictions.

ITSRR examines these indicators, and a larger range of more specific reports in advising Government about current condition and future prospects. This work is a continuation of monitoring that commenced with an increase in Government funding for rail, an increase that was used to support a larger long-term program of rail infrastructure Major Periodic Maintenance (MPM) renewals work. The MPM works cover aspects such as rail replacement, sleeper renewal and improvement, contact wire renewal, ballast depth and drainage improvement, and points machine replacement.

The aim of the program is to achieve acceptable network performance, a “steady state”, and over time, eliminate a backlog of MPM work that had been allowed to develop up to 2001⁹.

Overall, subject to some qualifications, there has been an improvement in the condition of infrastructure, with the increases in MPM work under the “steady state” program over the past few years being a likely contributing factor. There also has been an apparent improvement since late 2004 in the number of infrastructure incidents causing delays as shown in Figure 2.2 which shows infrastructure performance over the medium term.

**Fleet**

ITSRR also monitors the performance of CityRail’s fleet. In 2004-05 RailCorp commenced providing reports to the Ministry of Transport on fleet reliability including mechanical failure rates and incidents. Figure 2.3 shows fleet incidents over the medium term – it is largely analogous to the trends in Figure 2.2. However, it does show a substantial rise occurring in late 2003 and early 2004, without a corresponding decline towards the end of the period.

In 2004-05, RailCorp instituted a number of initiatives to address these issues including action programs to address problems with doors, brakes, traction systems and communications. RailCorp’s Passenger Fleet Maintenance area is amending the scope of component change out programs, reviewing technical maintenance plans, increasing staff training, and is seeking to eliminate a backlog of major component change outs.

**Comments and outlook for RailCorp in 2005-06**

The major issue for RailCorp in 2005-06 will be the implementation of the new timetable starting in September 2005. RailCorp expects this to result in an improvement on some important operational measures, notably on-time running, cancellations and skipped stops. ITSRR’s survey of CityRail Customers (which was not limited to peak hour services), confirmed the importance of achieving good results for these facets of CityRail’s operations.

Further timetable changes are mooted for the introduction of major capital works including the Epping-Chatswood rail link in 2008 and extensions to the system in later years. Initial work on timetable design for these will need to commence in the near future. ITSRR’s review of on-time running of CityRail services published in June 2004 indicated the importance to service delivery of RailCorp
addressing incidents and the factors underlying them. ITSRR’s focus on incidents in 2004-05, particularly on infrastructure and fleet incidents, will continue.

A challenge remains in understanding demand. As indicated previously, customers viewed crowding as one of the top three areas where their expectations were not being met in 2004. Up until the implementation of the new timetable in September 2005, CityRail conducted two surveys of crowding each year. Given the new timetable, the importance of understanding these issues will increase. ITSRR has some questions about RailCorp’s current methodologies and will be focusing on demand issues in 2005-06.

The Country Network and Rail Infrastructure Corporation

Framework

The Country Network is used predominantly by freight trains; however, some passenger trains also use the network.

Substantial changes to the frameworks for the Country Network took place during 2004-05. From 4 September 2004, part of the network was leased to the Australian Rail Track Corporation (ARTC), and this was no longer financed by NSW. The Government financed the remainder of the network, the Country Regional Network, under new arrangements.

**Geographic coverage**

The Line CSO covers the Rail Infrastructure Corporation (RIC) Country network (see next page for an outline of the line CSO, under “Governance”). Until 4 September 2004, the Line CSO continued to cover the full Country Network.

This was under the control of Rail Infrastructure Corporation (RIC) as it had been in 2003-04 (see Map 2.1). After 4 September 2004, the Line CSO covered only the (smaller) Country Regional Network controlled by RIC (see Map 2.2).
Finance for the Country Regional Network comes from the payment of access charges by rail operators, and from the NSW Government via a RIC funding agreement. As such, the network is within the scope of reliability monitoring\(^\text{10}\). Like the Line CSO, the funding agreement is intended to cover the gap between network access charges and the cost of maintaining infrastructure to acceptable standards. Government funding is by far the largest source of RIC’s income.

From 4 September 2004, the interstate lines outside of the electrified area were leased to and controlled by the Australian Rail Track Corporation (ARTC). ARTC also leased the Hunter Valley lines. ARTC is not in receipt of NSW funding for these lines. Finance for the ARTC network comes from the payment of access charges by rail operators, and from the Commonwealth. As such, it is largely outside the scope of ITSRR’s reliability monitoring. However, the NSW Government’s lease with ARTC does have some performance standards and these are outlined below.

As a result of the smaller geographic area it covers, the RIC funding agreement is for $110 million per annum, compared with $285 million per annum for the former Line CSO\(^\text{11}\).

### Governance

The relationship between RIC and Government agencies changed with the advent of the Funding Agreement in 2004-05. The previous Line CSO required RIC to develop a five year Network Management Plan; report against the Plan; participate in a Consultative Committee; and achieve certain performance standards\(^\text{12}\). The performance standards were technical measures relating to track quality, track condition indices, and temporary speed restrictions. These were reported to the Ministry of Transport from RIC on a line segment basis\(^\text{13}\). In addition to the Line CSO, RIC provided certain more aggregate performance information to its shareholders, the Premier and the Treasurer, via Treasury through the periodic reports on its Statement of Corporate Intent.

Under the new approach, while reporting under the Statement of Corporate Intent remains unchanged, the Ministry of Transport, consistent with its position on transport reform, has revised the reporting arrangements for RIC and for RailCorp. The revisions are in the new funding agreements. The new funding Agreement provides a reporting tool for the Ministry to demonstrate that services delivered by Rail Infrastructure Corporation (RIC) deliver NSW Government policy priorities. In this role, the Agreement’s reports relate to higher level service outcomes, rather than the detailed monitoring of infrastructure condition.

Therefore these new funding agreements do not require the Government rail organisations to report to the Ministry of Transport on asset plans or asset condition. Rather they focus on transport outcomes. In the case of the Country Regional Network, these outcomes relate to the availability of the network for use by certain trains, and for pathing\(^\text{14}\). Reporting to the Director General of the Ministry of Transport occurs quarterly through a cross-agency Committee including RIC and the Ministry.

### Country Regional Network: Standards and Results

The RIC Funding Agreement is for five years. It requires RIC to report to the Ministry of Transport on temporary speed restrictions (TSRs), the availability of train paths under the Train Operating Conditions manual, as well as some other indicators, each at an aggregate level. At this time, draft benchmarks have been developed but not finalised.

RIC has provided some information to the Ministry of Transport for 2004-05 which is summarised in Table 2.7.

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10 The scope of reliability monitoring and reporting relates to organisations owned or financed by the NSW Government.
11 Budget Paper No. 3 refers to $123m rather than $110m. The difference is additional Government funding for the Restricted or R lines on the Country Regional Network. These lines primarily are used by trains carrying grain.
13 The R lines were not subject to these reliability performance standards under the Line CSO.
14 Pathing refers to the use of the network by a train. Trains are permitted onto the network by train control at particular times. The location and time of entry, transit, and exit are known as a “train path”. Train operations in terms of lengths, weights, speeds etc. are set in the Train Operating Conditions manual and this affects potential paths.
Table 2.7: RIC - Reports to Ministry of Transport under the Funding Agreement

<table>
<thead>
<tr>
<th>Issue</th>
<th>Indicator</th>
<th>2002/03</th>
<th>2003/04</th>
<th>2004/05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Temporary speed restrictions (TSRs)(^\text{15})</td>
<td>Time lost (minutes)</td>
<td>23</td>
<td>18</td>
<td>59</td>
</tr>
<tr>
<td></td>
<td>passenger lines</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>branch lines</td>
<td>353</td>
<td>400</td>
<td>449</td>
</tr>
<tr>
<td>Track condition(^\text{16})</td>
<td>Track Condition Index (TCI)(^\text{(a)})</td>
<td>47</td>
<td>48</td>
<td>44</td>
</tr>
<tr>
<td></td>
<td>west region</td>
<td>60</td>
<td>58</td>
<td>Na</td>
</tr>
<tr>
<td></td>
<td>north region</td>
<td>57</td>
<td>57</td>
<td>Na</td>
</tr>
<tr>
<td></td>
<td>south region</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Track condition</td>
<td>Track Quality Index (TQI) (^\text{(a)})</td>
<td>Na</td>
<td>Na</td>
<td>Na</td>
</tr>
<tr>
<td></td>
<td>west region</td>
<td>Na</td>
<td>Na</td>
<td>38</td>
</tr>
<tr>
<td></td>
<td>north region</td>
<td>Na</td>
<td>Na</td>
<td>35</td>
</tr>
<tr>
<td></td>
<td>south region</td>
<td>Na</td>
<td>Na</td>
<td>48</td>
</tr>
<tr>
<td>Tonnage</td>
<td>Million gross tonne kilometres (gtk)</td>
<td>274</td>
<td>245</td>
<td>301</td>
</tr>
</tbody>
</table>

\(^\text{a}\) The TCI is not directly comparable to the TQI – the TQI figures generally are lower for the same geometric quality.

Source: Reports from Rail Infrastructure Corporation to the Ministry of Transport July, 2005

\(^\text{15}\) Average time lost (minutes) for quarter based on the last day of each 3 month period.

\(^\text{16}\) A lower figure represents better overall track geometry. A decreasing TCI/TQI indicates improving track geometry.
In 2004-05 there was a significant increase in time lost due to speed restrictions, particularly on passenger lines. This can be attributed to factors, such as:

- a deteriorating condition of infrastructure;
- an increased level of maintenance work (temporary speed restrictions are normally imposed immediately following maintenance work as a safety precaution);
- a more conservative approach to safety taken by an infrastructure maintainer; and
- a combination of the above.

RIC acknowledges that time lost due to speed restrictions is above historic levels but attributes this to ongoing maintenance work and predicts an improvement in 2005-06.

However, it is interesting to note in RIC’s final 2004-05 report to Ministry of Transport that the worse trends with respect to time lost due to speed restrictions occur in the North Region and the South Region – the two regions where the actual scope of MPM and Capital work delivered in 2004-05 was less than planned.

This is a cause for concern, particularly when combined with the following:

- lack of any other information from RIC on the condition and performance of rail infrastructure across the Country Regional Network;
- the known high level of maintenance backlog across the Country Regional Network at the end of 2003-04; and
- the known poor condition of ”Restricted Lines” resulting in suspension of train operations on some lines.

While not required under the funding agreement, RIC also reported track condition statistics to the Ministry at the end of 2004-05. These included reports for line segments. It can be seen from Table 2.7 that the track condition statistics are more aggregated than that required under the former Line CSO – which included reference to the component elements of the indexes. Also, the basis of reporting has changed from Track Condition Index to Track Quality Index and these different indexes are not strictly comparable.

Tonnages on the Country Regional Network increased significantly in 2004-05, by 22%. The increase is largely attributable to strong growth in general freight and coal, and some recovery in grain.

RIC’s advice to the Ministry also raises some issues concerning the restricted lines (also known as ”R-lines”). In recent years, maintenance on these lines has been minimal while there has been consideration of policy options regarding grain transport. The condition of the lines has deteriorated and during 2004-05 several were withdrawn from service, including withdrawals following safety incidents.

In April 2005 and in July 2005, the Government announced increased funding for works on the 11 R-lines which remain operational. The works were broadly outlined in terms of sleepers to be replaced, ballast and tamping activities, and bridge repairs etc. The aim is to enable infrastructure improvements and secure the operation of the lines while the Government finalises a long term lease plan with the grain industry.

The transport task on the Country Regional Network is measured by million gross tonne kilometres (MGTK). To some extent this is seasonal, and affected by annual fluctuations in grain volumes, particularly on the R-lines. On other lines, coal, minerals and general freight tonnages increased in 2004-05.

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17 These are lines on which operations are restricted in terms of train weights and speeds. They are used primarily for transporting grain.

18 A more complete explanation of the R-lines and policy issues is contained in the Grain Infrastructure Advisory Committee Report January 2004.

19 For example, part of the Griffith-Hillston line was withdrawn from service following a derailment caused by track condition in March 2005. As a further example, rail operations on the Camurra-Weemelah line were suspended in February 2005 during an ITSRR safety audit of RIC.

Reporting by RIC to Treasury under the Statement of Corporate Intent remains broadly unchanged. These reports mainly deal with financial data but some performance information, including aggregated measures of track quality, and of speed restrictions for the network, are included. The basis of the track quality index changed in 2004-05 and is different to the former track condition index for which a target was set. Speed restriction performance and delays exceeded i.e. was worse than the target. RIC advised that this was mainly due to Major Periodic Maintenance works in progress with additional work being planned in 2005-06. As MPM is delivered, the results are expected to move towards the target.

ARTC Lease Network Standards and Results

The NSW Government’s lease to ARTC for the interstate mainline track and Hunter Valley network is for 60 years. The lease requires ARTC to provide an Annual Condition Report to RIC each year. This Condition Report is to cover a number of indicators. At the time of writing this report was not available on behalf of the Government RIC has asked ARTC to provide the report by end September 2005. The following comments therefore are limited to outlining some aspects of the lease and its provisions.

The leased network is expected by ARTC to support an increasing level of traffic in future years. As such the lease and accompanying agreements require ARTC to invest substantial sums in upgrading the network over the next few years. This includes major capacity enhancements in the Hunter Valley for coal, and improvements in line speeds and transit times for the interstate corridors e.g. Melbourne-Sydney.

The lease requires measurement and reporting of a number of indicators, referred to as KPIs. These generally are for the network as a whole, rather than for particular lines or line segments. They include:

- transit time delays by corridor (except Hunter Valley) – these delays relate to measures of the impact of operating restrictions that may be imposed in advance of maintenance being conducted;
- track condition index (except Hunter Valley);
- trains exiting on-time;
- large rail defects;
- sleeper population and replacement;
- bridge restrictions and replacement;
- signal failures; and
- maximum speed and axle load combinations.

Comments and outlook for 2005-06

It is not possible to comment in detail on system performance, or issues arising from assets, given that reporting is provided at an aggregate level. It should be noted that from a safety perspective ITSRR’s interests are in both the ARTC-leased and Country Regional Network. However, from the reliability perspective, ITSRR’s primary concern is the Country Regional Network, which is publicly funded, rather than the network leased to the ARTC.

Most of the above reported results for the Country Regional Network might be consistent with a well-managed, albeit lightly used system, in reasonable condition, adequately maintained and financed and with no major current or future issues. However, for a network that has been deteriorating, higher-level reporting can mask poor general network condition, large and escalating backlogs and major current problems that may require large financial injections.

For this reason, during 2004-05 ITSRR sought more specific and detailed information from RIC on the condition and performance of the Country Regional Network to allow a comparison with the state of the network as reported in the Annual Reliability Report for 2003-04. ITSRR had made similar requests to RailCorp for the Metropolitan Network.

21 In future years this report will be available for inclusion in the ITSRR Reliability Report.

22 See: Australian Rail Track Corporation website North South Corridor Strategic Plan 27 May 2005.
Unlike the case with RailCorp, this more specific information has not been provided by RIC to ITSRR for the period beyond September 2004. In these circumstances, ITSRR is unable to advise on current performance or future sustainability of the Country Regional Network.

ITSRR does note that information provided to the Ministry of Transport under the funding agreement outlines an increase in the impact of temporary speed restrictions and issues with the R-lines. These factors do not support a view that the underlying network is in a good and improving condition. Rather they suggest that detailed condition monitoring should be of increasing importance to stakeholders. It therefore is important that reporting procedures are in place that can capture the detail that provides the fuller picture of infrastructure condition.

Apart from this, RIC is in the process of providing ITSRR with information it is using in the development of its 2005-06 asset management plan, and associated forward works programs, for the Country Regional Network.

In relation to the ARTC-leased network, information was not available at the time of writing to assess whether performance is at the standard envisaged by the lease. This is a result of the current reporting cycle in which ARTC has been requested to provide relevant information to RIC by the end of September 2005. However, given the ARTC’s future works program and the nature of the lease, it is to be expected that the focus will be on capacity and transit times rather than more detailed baseline infrastructure condition indicators. Generally, the condition indicators need to be viewed over a period of time (e.g. several years). At this stage, the first year of the lease, insufficient information is available to assess current or expected future performance.
3. Bus

**Background**

As indicated in the 2003-04 Annual Reliability Report, bus services in NSW are provided under statutory contracts administered by the Ministry of Transport. The 2004-05 year saw the initiation of the Government’s Bus Reform Program. Also in 2004-05, the Independent Pricing and Regulatory Tribunal (IPART) sought a submission from ITSRR on the reliability of buses. The following comments draw largely on this submission.

**Bus Reform**

**The Reform Program**

In mid 2004, the Government announced its intention to introduce new contracting arrangements for buses in NSW. The main elements of these flowed from a review of buses by Mr Barrie Unsworth. The Government’s response to the review is on the Ministry of Transport’s website – it is known as Bus Reform.

As a result of Bus Reform, the Ministry of Transport and bus operators are entering into new bus contracts. These contracts are largely based on the premise of exclusive rights to an area, similarly to before, with allowances for cross-regional service needs. However, there is a reduction in the number of contract regions in the metropolitan area, changes in the arrangements for subsidisation of bus operations, and the introduction of new performance measures and reporting systems.

The new bus contracts apply equally to the privately owned bus operators and to the Government’s State Transit Authority (STA). Beyond 2004-05, Community Service Obligation payments will no longer be provided to STA.

**The new bus contracts**

The Ministry of Transport’s new pro-forma metropolitan bus contract requires operators to regularly provide data to the Ministry about matters under three broad headings: Non-financial performance, Operational Performance Regime, and Service Quality Incentive.

Non-financial performance indicators include revenue km, fleet age profile, and passengers carried. Revenue km might be seen as a proxy for coverage of bus services in the contract area in terms of frequency and routes.

The Operational Performance Regime is intended to measure the punctuality and “reliability” of bus services. This will focus on disruptions to scheduled regular route bus services. The regime will commence with the new contracts and mature over time. It is expected that measurement of performance will improve over the next few years and move towards full automation. It may take until early 2007 for this to be realised.

In the interim, the contract requires the operator to record relevant data from the date of service commencement.

A Service Quality Incentive also is to be included. This is to deal with a number of matters relating to services including passenger complaints, stakeholder views of the operator and its approach to services, bus loads, bus cleanliness, and customer perceptions.

**Status of Bus Reform in 2004-05**

In 2004-05 Bus Reform was focused on the Sydney metropolitan area. The Ministry of Transport has established 15 regions in the metropolitan area, each of which will be covered by a single contract covering both regular route and school buses. STA is contracted for four of these regions.

There are a number of stages in implementing the Bus Reforms. A summary of progress is in Table 3.1. While the program has commenced for nearly all of the metropolitan area, the operational changes are at their initial stage.

**Activation of contract provisions**

All provisions of the contract start at the commencement date. From that time, provisions come into effect requiring regular reporting of data to the Ministry of Transport.

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24 A pro-forma has been provided to ITSRR on a commercial-in-confidence basis.
25 In this context, “reliability” is measured by (the absence of) service cancellations.
Table 3.1: Status of new bus contracts

<table>
<thead>
<tr>
<th>Region</th>
<th>Description</th>
<th>Service</th>
<th>Commencement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Penrith, Kurrajong, Warragamba &amp; Blacktown</td>
<td>Expected</td>
<td>1 October 2005</td>
</tr>
<tr>
<td>2</td>
<td>Badgerys Creek, Bringelly, South West Sector</td>
<td>1 July 2005</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Wetherill Park, Bosley Park &amp; Liverpool</td>
<td>Expected</td>
<td>1 October 2005</td>
</tr>
<tr>
<td>4</td>
<td>Glenorie, Castle Hill, Blacktown &amp; Parramatta</td>
<td>1 August 2005</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Strathfield, Bankstown, Hurstville &amp; Lugano</td>
<td>1 July 2005</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Sydney CBD, Parramatta, Strathfield &amp; Kingsgrove</td>
<td>1 July 2005</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>North Sydney, Chatswood, Epping &amp; Parramatta</td>
<td>1 July 2005</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Palm Beach, Frenchs Forest &amp; North Sydney</td>
<td>1 July 2005</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Sydney’s Eastern Suburbs &amp; CBD</td>
<td>1 July 2005</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Bankstown, Sutherland &amp; Engadine</td>
<td>1 January 2005</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Cronulla, Kurnell, Miranda &amp; Bundeena</td>
<td>1 April 2005</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Berowra, Hornsby, Chatswood &amp; St Ives</td>
<td>1 June 2005</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Parramatta, Fairfield, Bankstown &amp; Liverpool</td>
<td>1 May 2005</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Chatswood, Frenchs Forest, Terrey Hills &amp; Gordon</td>
<td>1 April 2005</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Campbelltown, Camden &amp; Appin</td>
<td>1 June 2005</td>
<td></td>
</tr>
</tbody>
</table>


The contract makes provision for the Operational Performance Regime to come into effect once a valid method of monitoring punctuality is in place. The Regime will be piloted and trialled prior to its full implementation. It is expected that this process will take 2 years.

Community consultation

Under the contracts, significant network changes and regular service reviews may be implemented after community consultation.

The Ministry of Transport advises that substantial preparatory work for this process was undertaken in 2004-05. The first significant network changes, to support the development of strategic corridors in Regions 10 (Southern Sydney) and 13 (Bankstown/Liverpool), will commence in 2005-06.

Network development is also being undertaken in significant parts of Region 1 (Penrith etc.) and Region 4 (Glenorie etc.) to support the introduction of the North West Transitway. Key dates in these processes are in Table 3.2.

Table 3.2: Planned network development to end 2006

<table>
<thead>
<tr>
<th>Region 10</th>
<th>Region 13</th>
<th>Regions 1 and 4 (N-W Transitway)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional Planning Forum</td>
<td>July 2005</td>
<td>Sept 2005</td>
</tr>
<tr>
<td>Community Consultation</td>
<td>Sep 2005</td>
<td>Nov 2005</td>
</tr>
<tr>
<td>Network Approval</td>
<td>Late 2005</td>
<td>Early 2006</td>
</tr>
</tbody>
</table>

Current performance results

Background

Bus Reform is being progressively rolled out. To date, this has concentrated on the metropolitan area. Reflecting the current progress with implementation of the new arrangements, 2004-05 saw most operations under the existing “old” bus contracts. As noted in last year’s Annual Reliability Report, there are substantial issues in gaining information under the old arrangements. The information available to ITSRR is summarised below.

State Transit Authority

The State Transit Authority (STA) continued to operate under the Community Service Obligation agreement in 2004-05. Performance is shown in Table 3.3. The on-time running result for the 2004-05 year for STA’s Sydney buses is reported at 95%. This is consistent with the target noted in the Customer Commitment, and only slightly lower than the result for 2003-04.

Service availability relates to cancellations. It can be seen that the number of reported cancellations remains very low – the same level as for 2003-04.

STA reported that the average fleet age increased since 2000-01 from 11.7 years to 13.0 years in 2003-04, before declining somewhat to 12.8 years in 2004-05. With a fleet of around 1700 buses, significant reductions in fleet age may require substantial bus acquisition programs. It is anticipated that new bus acquisition in 2005-06 will bring STA within the target of less than 12 years.

Private bus operators

ITSRR has requested advice from the Ministry of Transport on the reports made by the private operators under the new bus contracts. While the Ministry indicates it is on target to achieve the reliability reporting requirements set out in the new bus contracts, at this time the Ministry has not collected detailed reports on all aspects of private bus operator performance. This reflects the current status of the Bus Reform program.

As shown in the ITSRR 2003-04 Annual Reliability Report, the Ministry of Transport has been collecting some bus self-reporting data. An important aim of the self-reporting scheme is to improve the reporting culture of the industry. The Ministry received monthly reports from over 90% of operators in 2004-05, including from non-metropolitan operators. A summary of the self-reporting data provided by the Ministry to ITSRR is shown in Table 3.4.

<table>
<thead>
<tr>
<th>Table 3.3: State Transit Reported Sydney Bus Performance 2004-05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sydney Buses</td>
</tr>
<tr>
<td>Passengers</td>
</tr>
<tr>
<td>On-time running (b)</td>
</tr>
<tr>
<td>Service Availability (c)</td>
</tr>
<tr>
<td>Complaints per 100,000 trips (d)</td>
</tr>
<tr>
<td>Fleet average age (e)</td>
</tr>
<tr>
<td>% of fleet wheelchair accessible</td>
</tr>
</tbody>
</table>

(a) includes Newcastle buses
(b) To within 5 minutes of timetable at terminus on route
(c) Timetabled services operating
(d) Compared with a target of <15 complaints
(e) Compared with target of <12 years

Table 3.4: Ministry of Transport - Private Bus Self-reporting Data 2004-05

<table>
<thead>
<tr>
<th>Bus Trips</th>
<th>Number</th>
<th>% of Bus trips reported</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>4,719,705</td>
<td>na</td>
</tr>
<tr>
<td>Early</td>
<td>78</td>
<td>Less than 0.01%</td>
</tr>
<tr>
<td>Late</td>
<td>12,655</td>
<td>0.27%</td>
</tr>
<tr>
<td>Missed/cancelled</td>
<td>707</td>
<td>0.01%</td>
</tr>
<tr>
<td>Full load on route</td>
<td>678</td>
<td>0.01%</td>
</tr>
</tbody>
</table>

Source: Ministry of Transport September 2005

Data issues

The punctuality figures from both STA and from the self-reporting scheme appear high when compared with other transport modes, especially given comments such as by the Ministry of Transport on the impact of a “significant increase in traffic congestion” 26. Part of the explanation may lie in exactly what the punctuality figures represent. For STA’s Sydney Buses the figure does not show on-time running measured with reference to terminus points rather than at any particular bus stop on a route where passengers may be waiting. Given the scheduling of buses, and the possibility of en route delays, on-time running measured at the terminus points may well show higher or “better” results than if measured at bus stops.

In last year’s Annual Reliability Report, ITSRR noted issues regarding the quality of bus data, in particular regarding the limited self-reporting data. ITSRR indicated a keen interest in the methodology and process by which the Ministry of Transport collects information from bus operators, in areas such as patronage and operational performance.

As noted above, the new bus contracts – which also apply to STA - are intended to address these matters and, for example, allow measurement on on-time running for en-route points. The Ministry currently is negotiating implementation details of the Operational Performance Regime with each operator, which will result in detailed operator performance information in the future. At this time this detailed information is not available.

Bus Punctuality

Noting that the above will take some time, the Ministry of Transport and ITSRR conducted a limited survey of bus punctuality in November 2004. Punctuality and service cancellations were measured at some major bus stops in the metropolitan area, rather than at terminus points27. Key results are shown in Figures 3.1 to 3.3. These generally show on-time running (at bus stops) to be lower than reported to the Ministry (for terminus points).

Figure 3.1 shows within the survey itself, punctuality appears to be higher for bus stops near railway stations. This would be important for commuters who may need to change modes. Strong results would be likely to be important for service planning and for long-term transport planning.

The relatively low result for the CBD may reflect some traffic congestion. Note however, that this might be offset to some extent for travel within the CBD by a relatively high frequency of buses.

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26 See: Ministry of Transport Submission to IPART July 2005 at page 23, note (1).
27 On-time running was defined as within a 7 minute band of a bus on a particular route at the bus stop – within 2 minutes before and 5 minutes after the scheduled time for the bus. Cancellations were defined as bus route services that did not appear to operate.
What the survey measured was on-time running of a particular bus (route) service.

Figure 3.2 suggests that on-time running of bus services at the time of survey was marginally lower in the outer metropolitan area than in the inner area. It is unclear what effect traffic congestion may have on on-time running in outer metropolitan areas. It could be expected that regular and frequent congestion is to some extent factored into timetables. Thus the results may reflect the inability of timetables to reflect variations in congestion among days in particular locations.

The comments above regarding on-time running measures implied there may be some influence on the statistics by the location of the site at which the measurement is made. For example, measurement of departure from depot might be expected to show a higher figure than at mid or end route, especially if there is significant unexpected traffic congestion. The survey by the Ministry of Transport and ITSRR also looked at this issue by dividing the route into start, mid route and end route. The results, shown in Figure 3.3, support this view.
In summary, the results from this limited survey support the impression that on-time running at major pick up and drop off points, i.e. at bus stops, is substantially below that measured at terminus points such as in data previously reported for STA. The results are below on-time running presented by STA and in self-reporting. The measured performance at terminus points may be affected by some en route and layover leeway built into timetables. However, neither of these leeway factors will necessarily be of benefit to passengers on that bus trip.

Other results from the survey appear to indicate some substantial variation in on-time running across bus routes, across bus stops, and at different times of the day. This would be consistent with differences in timetabling, e.g. section running times, and differences in traffic congestion, i.e. traffic congestion affecting buses is worse in some locations than others, and at different times.

It needs to be recognised that a single survey does not present a definitive picture of bus service reliability, and that more work needs to be done. Moreover, while the results suggest that claims or targets of 95% on-time running, such as in the Customer Commitment, may be unrealistic for all en route stops, they highlight the potential benefits of the Government’s programs aimed at providing priority for buses in road traffic. These are programs such as the electronic Public Transport Information and Priority System and bus lanes. Put simply, to the extent that buses are running on-time less than 95% of the time, there is scope for improvement in performance via bus priority measures or even timetable changes.

The Ministry of Transport’s Operational Performance Regime, and the proposed technological improvements to monitoring, may result in a “change of series” for on-time running and reliability figures, e.g. on-time running measured at a number of en route locations. The effect of this at any given level of delays, may be to reduce the current reported on-time running figure, as distinct from that experienced by passengers. However, this will allow the Ministry of Transport to better plan for bus services and improvements and thus facilitate a better performing system, with customers observing improvements, in the medium term.

**ITSRR’s future work - service quality index**

Unlike the Ministry of Transport, which needs to deal with individual bus operators through a contractual process, ITSRR’s interest in bus performance is at the more aggregate level. Given this, its interest will be with indicators most relevant to the system as a whole. These will include indicators of passenger numbers and of customer perceptions.

To ascertain developments in overall bus performance, ITSRR’s submission to the Independent Pricing and Regulatory Tribunal proposed a service quality index. The aim would be to combine elements of service quality within a given contract area, and to combine results of the contract areas into a metropolitan-wide index. The index, or even an operator’s component, would not necessarily be used in contract management, but rather aim at providing an overall measure of performance. Necessarily, this would take some time to develop.
4. Ferries

A significant governance change took effect in the publicly owned Sydney ferry operator during 2004-05. This was the creation of Sydney Ferries Corporation as a State-owned Corporation separate from the State Transit Authority.

The legislation effecting this change requires Sydney Ferries to enter a Performance Agreement with the Minister setting out performance benchmarks for the ferry services it provides.

A draft of the Performance Agreement was developed in 2004-05 but it has not yet been concluded. The agreement is intended to include outcomes such as meeting customer needs, being an integrated part of the public transport system, and cost effectiveness. Indicators would likely include on-time running, cancellations and customer complaints. Sydney Ferries submission to the Independent Pricing and Regulatory Tribunal fare review inquiry provides some information on these.

Sydney Ferries carried some 13.5 million passengers in 2004-05, a slight increase from 13.4 million in 2003-04. Operational performance remained strong at 98.9 per cent of ferries running on-time and 99.1 per cent of services operating i.e. less than 1 per cent of service cancellations. This is similar to performance in previous years, although slightly below the targets of 99.5 per cent for on-time running and service operation that were set.
5. Transport Coordination

In last year’s Reliability Report, ITSRR indicated an interest in extending performance monitoring to transport coordination. That is, services that apply across the various modes. There are a number of respects in which this can be relevant including provision of transport for major events such as the Royal Easter Show, and events in the Olympic Park precinct, interchange performance and construction, and the 131500 Transport Infoline.

The 131500 Transport Infoline service is procured by the Government through the Transport Development Corporation which is a subsidiary of the Ministry of Transport. Funding is in the order of $7.3m per annum. The service is supported by and tied to the main transport service providers; RailCorp, State Transit Authority, Sydney Ferries Corporation etc.

Three elements of service are provided through the 131500 Transport Infoline. They are available on a website and through a call centre. The elements are:

- information for planning of trips, e.g. public transport options and timetables, notice of maintenance closures for rail;
- real time information about service disruptions including rail, route alterations for buses; and
- receipt of complaints and feedback.

The contract procuring these services includes performance indicators for response times.

In the lead-up to the introduction of the new CityRail timetable, the Minister for Transport announced an upgrade and revision to the 131500 website, which includes an advanced trip planner and faster search times.\(^\text{28}\)

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6. Summary and Conclusion

This second Reliability Report provides an overview of the reliability performance of the major NSW rail, bus and ferry systems in 2004-05. As for 2003-04, service quality issues have been the focus, especially in comparison with standards set by the Government. Information has largely been sourced from the Government’s procurement agency, the Ministry of Transport, and from RailCorp.

Rail

CityRail’s performance in 2004-05 continued to be disappointing. The Reliability Improvement Plan referred to in last year’s Annual Reliability Report, the new Rail Performance Agreement, and the reduction in some services, did not result in a substantially improved performance. On-time running, skipped stops and service cancellations all performed below the Government’s targets. Notwithstanding a reported decline in overall patronage, measured peak period crowding increased.

Infrastructure performance under RailCorp’s management, and the Metropolitan Rail Area Network, appeared to improve. This may reflect the lagged result of an increase in maintenance effort since 2000. However, fleet performance was an issue in 2004-05, with fleet incidents contributing significantly to poor service performance in the year.

In the latter stages of the year, RailCorp focused on preparation for a new timetable to be introduced in September 2005. Together with some change in reporting standards for on-time running, RailCorp expects this to result in improved on-time running performance. The new timetable is constructed around a reduction in the total number of services and slower running of trains.

ITSRR intends to closely monitor performance under the new timetable. It will continue to concentrate on incidents including infrastructure and fleet incidents that cause delays. It also intends to focus on issues such as crowding measurement.

CountryLink performance remained relatively stable. However, the decline in patronage, evident since 2001, continued.

Major changes to infrastructure management in the country area took place in September 2004. This involved Australian Rail Track Corporation (ARTC) leasing interstate lines in the Country Network and the Hunter Valley system. Rail Infrastructure Corporation continued to hold the remainder, the Country Regional Network. In effect this moved much of the Country Network, and the Hunter Valley, outside of the scope of ITSRR reliability reporting. ARTC is required to provide an annual condition report to RIC on the infrastructure it has leased. This was not available at the time of writing.

The Country Regional Network does remain within ITSRR’s reliability reporting scope. As foreshadowed last year, the Line CSO was replaced, and a new Funding Agreement was entered. Reporting under this Agreement was at a very aggregated level dealing with transport outcomes. This is consistent with expectations of the Ministry but is substantially less for the relevant network parts than under the previous Line CSO. It is not adequate for ITSRR’s purposes for advising on network condition. To deal with this issue, ITSRR separately sought supplementary information from RIC. However, at the time of writing this was not available, and consequently ITSRR cannot comment on the condition of, or developments in, the Country Regional Network. ITSRR does note, however, that the information provided by RIC to the Ministry under the Funding Agreement does not support a view that the network is in good and improving condition, or that detailed condition monitoring should now become a lower priority.

Bus and ferry

The Government commenced its Bus Reform program in 2004-05 for the metropolitan area. Negotiations between the Ministry of Transport and bus operators continued in the year. During this time, it became evident that it would take some time, well beyond the 2004-05 year, for substantial data from the private bus sector to become available to the Ministry.
of Transport and to ITSRR. In last year’s Annual Reliability Report, ITSRR raised some issues about data quality.

The Ministry of Transport’s self reporting scheme for bus operators was extended in 2004-05 and monthly reports were received from over 90 percent of operators. Data on bus operational performance also was available from the State Transit Authority.

The Ministry of Transport and ITSRR undertook a limited survey of bus operating performance in late 2004. While a single survey will not present a definitive picture of bus service reliability, and more work needs to be done on this issue, the results indicated that on-time running benchmarks, such as appearing in the Customer Commitment on the 131500 website for 95 per cent, were not being met at all bus stops in Sydney. The results were below those from self reporting and from STA. There may be a number of reasons for this. For example, reported on-time running of 95 percent for the STA’s Sydney Buses, may reflect definitional matters; e.g. STA on-time running is measured at terminus points and not at individual bus stops.

It is in this context that some of the measures and initiatives associated with Bus Reform, such as bus priority lanes and cashless fares can be expected to have impacts on services. These are likely to be more noticeable than if bus punctuality at all bus stops was already around 95 per cent.

ITSRR’s focus is on aggregates. The Ministry of Transport, not ITSRR, is responsible for bus contract administration and dealing with particular operators. A key issue is aggregation of bus performance results, especially service quality results, over the 15 metropolitan contract areas. Discussions between the Ministry of Transport and ITSRR indicate that the aggregation issue also is likely to be a matter of interest to the Ministry of Transport due to the policy direction of uniform distance-based metropolitan bus fares, and the Ministry of Transport’s view that at least some parts of fares should be linked with service quality improvements. ITSRR intends to address this issue via a service quality index with work commencing on the index in 2005-06.

During the year Government began implementing its bus reforms for the Sydney metropolitan area.
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 2005 and its financial performance and cash flows for the year 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. It consists of the statement of financial position, the statement of financial performance, the statement of cash flows, the program statement - expenses and revenues, the summary of compliance with financial directives 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 Chief Executive Officer had not fulfilled her reporting obligations.

My opinion does not provide assurance:

- about the future viability of the Independent Transport Safety and Reliability Regulator,
- that it has carried out its activities effectively, efficiently and economically,
• about the effectiveness of its internal controls, or
• on assumptions used in formulating the budget figures disclosed in the financial report.

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.

P Carr, FCPA
Director, Financial Audit Services

SYDNEY
25 October 2005
Independent Transport Safety and Reliability Regulator
Statement by Chief Executive Officer

For the year ended 30 June 2005

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
• The Financial Reporting Directions published in the Financial Reporting Code for Budget
  Dependent General Government Sector Agencies or issued by the Treasurer under section 9(2)(n)
  of the Act.

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

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

Chief Executive Officer

20 October 2005
## Independent Transport Safety and Reliability Regulator

### Statement of Financial Performance
For the year ended 30 June 2005

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Actual 2005 $'000</th>
<th>Budget 2005 $'000</th>
<th>6 months to 30.6.2004 $'000</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee-related</td>
<td>11,170</td>
<td>10,639</td>
<td>4,452</td>
<td>2(a)</td>
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<tr>
<td>Other operating expenses</td>
<td>5,209</td>
<td>5,379</td>
<td>5,526</td>
<td>2(b)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>249</td>
<td>100</td>
<td>111</td>
<td>2(c)</td>
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<tr>
<td><strong>Total expenses</strong></td>
<td>16,628</td>
<td>16,118</td>
<td>10,089</td>
<td></td>
</tr>
<tr>
<td>Less</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Retained revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sale of services</td>
<td>46</td>
<td>-</td>
<td>4</td>
<td>3(a)</td>
</tr>
<tr>
<td>Investment income</td>
<td>80</td>
<td>-</td>
<td>38</td>
<td>3(b)</td>
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<tr>
<td><strong>Total retained revenue</strong></td>
<td>126</td>
<td>-</td>
<td>42</td>
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<tr>
<td><strong>Net Cost Of Services</strong></td>
<td>16,502</td>
<td>16,118</td>
<td>10,047</td>
<td>17</td>
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<td><strong>Government Contributions</strong></td>
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<tr>
<td>Recurrent appropriation</td>
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<td>14,661</td>
<td>9,046</td>
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<td>1,115</td>
<td>1,000</td>
<td>4</td>
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<td>Acceptance by the Crown Entity of Employee benefits and other Liabilities</td>
<td>1,831</td>
<td>1,457</td>
<td>1,104</td>
<td>5</td>
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<td><strong>Total Government Contributions</strong></td>
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<td>17,233</td>
<td>11,150</td>
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<td><strong>SURPLUS FOR THE PERIOD FROM ORDINARY ACTIVITIES</strong></td>
<td>500</td>
<td>1,115</td>
<td>1,103</td>
<td></td>
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<tr>
<td>Total revenues, expenses and valuations adjustments recognised directly in equity</td>
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<td>-</td>
<td>-</td>
<td></td>
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<tr>
<td><strong>TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS</strong></td>
<td>500</td>
<td>1,115</td>
<td>1,103</td>
<td>13</td>
</tr>
</tbody>
</table>

The accompanying notes form part of these statements.
Independent Transport Safety and Reliability Regulator

Statement of Financial Position
As at 30 June 2005

<table>
<thead>
<tr>
<th></th>
<th>Actual 2005 $'000</th>
<th>Budget 2005 $'000</th>
<th>Actual 2004 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Notes</td>
<td>Notes</td>
<td>Notes</td>
</tr>
<tr>
<td><strong>ASSETS</strong></td>
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<tr>
<td>Current assets</td>
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<tr>
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<td>Receivables</td>
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<td>Prepayments</td>
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<td>113</td>
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<td><strong>Total Current Assets</strong></td>
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<td>2,620</td>
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<td>Non-Current Assets</td>
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<td>Property, plant and equipment</td>
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<td>Leasehold improvements</td>
<td>10</td>
<td>720</td>
<td>805</td>
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<td>Plant and equipment</td>
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<td>576</td>
<td>432</td>
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<tr>
<td><strong>Total property, plant and equipment</strong></td>
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<td>1,237</td>
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<tr>
<td><strong>Total Non-Current Assets</strong></td>
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<td>1,296</td>
<td>1,237</td>
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<tr>
<td><strong>Total Assets</strong></td>
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<td>4,146</td>
<td>3,857</td>
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<td><strong>LIABILITIES</strong></td>
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<tr>
<td>Current Liabilities</td>
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<tr>
<td>Payables</td>
<td>11</td>
<td>1,110</td>
<td>1,876</td>
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<tr>
<td>Provisions</td>
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<td>917</td>
<td>425</td>
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<tr>
<td>Liability to Consolidated Fund</td>
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<td>35</td>
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<td><strong>Total Current Liabilities</strong></td>
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<td>2,301</td>
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<tr>
<td>Non-Current Liabilities</td>
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<tr>
<td>Provisions</td>
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<td>401</td>
<td>373</td>
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<tr>
<td><strong>Total Non-Current Liabilities</strong></td>
<td></td>
<td>401</td>
<td>373</td>
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<tr>
<td><strong>Total Liabilities</strong></td>
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<td><strong>Net Assets</strong></td>
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<td>1,183</td>
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<tr>
<td>Accumulated funds</td>
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<td>1,683</td>
<td>1,183</td>
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<tr>
<td><strong>Total Equity</strong></td>
<td></td>
<td>1,683</td>
<td>1,183</td>
</tr>
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</table>

The accompanying notes form part of these statements.
**Independent Transport Safety and Reliability Regulator**  
**Statement of Cash Flows**  
**For the year ended 30 June 2005**

<table>
<thead>
<tr>
<th>Notes</th>
<th>Actual $’000</th>
<th>Budget $’000</th>
<th>30.6.2004 $’000</th>
<th>Actual 6 months to 30.6.2004 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual 2005</td>
<td>Budget 2005</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CASH FLOWS FROM OPERATING ACTIVITIES</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee related</td>
<td>(9,353)</td>
<td>(9,577)</td>
<td>(2,973)</td>
<td></td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>(6,493)</td>
<td>(5,979)</td>
<td>(4,498)</td>
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</tr>
<tr>
<td><strong>Total payments</strong></td>
<td><strong>(15,846)</strong></td>
<td><strong>(15,556)</strong></td>
<td><strong>(7,471)</strong></td>
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<tr>
<td>Receipts</td>
<td></td>
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</tr>
<tr>
<td>Miscellaneous revenue</td>
<td>66</td>
<td>-</td>
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</tr>
<tr>
<td>Interest</td>
<td>76</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Recreation leave</td>
<td>-</td>
<td>-</td>
<td>308</td>
<td></td>
</tr>
<tr>
<td>Goods and Services Tax received</td>
<td>803</td>
<td>804</td>
<td>208</td>
<td></td>
</tr>
<tr>
<td><strong>Total Receipts</strong></td>
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<td><strong>804</strong></td>
<td><strong>520</strong></td>
<td></td>
</tr>
<tr>
<td>Cash Flows from Government</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recurrent appropriation</td>
<td>14,661</td>
<td>14,455</td>
<td>9,046</td>
<td></td>
</tr>
<tr>
<td>Capital appropriation</td>
<td>545</td>
<td>1,115</td>
<td>1,000</td>
<td></td>
</tr>
<tr>
<td>Cash reimbursements from the Crown Entity</td>
<td>441</td>
<td>395</td>
<td>120</td>
<td></td>
</tr>
<tr>
<td><strong>Net Cash Flows from Government</strong></td>
<td><strong>15,647</strong></td>
<td><strong>15,965</strong></td>
<td><strong>10,166</strong></td>
<td></td>
</tr>
<tr>
<td>NET CASH INFLOWS FROM OPERATING ACTIVITIES</td>
<td>17</td>
<td>746</td>
<td>1,213</td>
<td>3,215</td>
</tr>
<tr>
<td>CASH FLOWS FROM INVESTING ACTIVITIES</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of property, plant and equipment</td>
<td>(508)</td>
<td>(1,115)</td>
<td>(1,068)</td>
<td></td>
</tr>
<tr>
<td><strong>NET CASH FLOWS FROM INVESTING ACTIVITIES</strong></td>
<td><strong>(508)</strong></td>
<td><strong>(1,115)</strong></td>
<td><strong>(1,068)</strong></td>
<td></td>
</tr>
<tr>
<td>NET INCREASE IN CASH</td>
<td>238</td>
<td>98</td>
<td>2,147</td>
<td></td>
</tr>
<tr>
<td>Opening cash and cash equivalents</td>
<td>2,147</td>
<td>2,147</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>CLOSING CASH AND CASH EQUIVALENTS</strong></td>
<td><strong>2,385</strong></td>
<td><strong>2,245</strong></td>
<td><strong>2,147</strong></td>
<td></td>
</tr>
</tbody>
</table>

The accompanying notes form part of these statements.
### Independent Transport Safety and Reliability Regulator

**Statement of Compliance with Financial Directives**

For the year ended 30 June 2005

<table>
<thead>
<tr>
<th></th>
<th>2004-05</th>
<th>For the period from 1 January 2004 to 30 June 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Recurrent Expenditure $'000</td>
<td>Expenditure - Net claim on Cons Fund $'000</td>
</tr>
<tr>
<td><strong>Original budget Appropriation</strong></td>
<td>15,673</td>
<td>14,523</td>
</tr>
<tr>
<td>Appropriations Act</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Additional appropriations</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>S 21 PF &amp; AA - special appropriations</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>S 24 PF &amp; AA - transfer of functions between agencies</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Appropriation/Expenditure</strong></td>
<td>14,661</td>
<td>14,626</td>
</tr>
<tr>
<td>Treasurer’s advance</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Enforced Transfer- recurrent to capital (1,115)</td>
<td>-</td>
<td>1,115</td>
</tr>
<tr>
<td>Transfer to/from another agency (S27 of the Appropriation Act)</td>
<td>103</td>
<td>103</td>
</tr>
<tr>
<td><strong>Total Appropriation/Expenditure</strong></td>
<td>14,661</td>
<td>14,626</td>
</tr>
</tbody>
</table>

Liability to Consolidated Fund

|                        | 35 | - | - | - | - | - | - | - |

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

**Program Statement Expenses and Revenue**

For the year ended 30 June 2005

<table>
<thead>
<tr>
<th></th>
<th>Program 65.1.1</th>
<th>Program 65.1.2</th>
<th>Program 65.1.3</th>
<th>Non attributable</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<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>(8,741)</td>
<td>(3,566)</td>
<td>(1,266)</td>
<td>(1,163)</td>
<td>(282)</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(4,857)</td>
<td>(4,382)</td>
<td>(186)</td>
<td>(166)</td>
<td>(585)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(249)</td>
<td>(109)</td>
<td>-</td>
<td>-</td>
<td>(111)</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>(13,847)</td>
<td>(8,057)</td>
<td>(1,152)</td>
<td>(1,329)</td>
<td>(868)</td>
</tr>
</tbody>
</table>

|                  |                |                |                |                 |       |
| RETAINED REVENUE  |                |                |                |                 |       |
| Sale of services  | 46             | 4              | -              | -               | 46    |
| Investment income | 80             | 30             | -              | -               | 80    |
| **Total retained revenue** | 126       | 34             | -              | -               | 126   |

|                  |                |                |                |                 |       |
| **Net Cost of Services** | (13,721) | (8,023) | (1,152) | (1,329) | (864) |
| Government        |                |                |                |                 |       |
| Contributions     | -              | -              | -              | -               | 17,002|
| **NET REVENUE**   | (13,721)       | (8,023)        | (1,152)        | (1,329)         | (864) |

|                  |                |                |                |                 |       |
| **ADMINISTERED REVENUE** |          |                |                |                 |       |
| Rail operator’s accreditation fees | -       | -              | -              | -               | 3,591 |
| Fines             | -              | -              | -              | -               | 3,591 |
| **Total**         | 3,591          | -              | 3,591          | -               | -     |

The names and purpose of each program are summarised in Note 6. Appropriations are made on an agency basis and not to individual program. Consequently Government Contributions must be included in the not attributable column.

The 2004 comparative amounts relate to the period from 1 January 2004 to 30 June 2004.
Independent Transport Safety and Reliability Regulator
Notes to and forming part of the financial statements
For the year ended 30 June 2005

1. Summary of Significant Accounting Policies

(a) Reporting Entity

The Independent Transport Safety and Reliability Regulator was established on 1 January 2004 as a statutory corporation under the Transport Administration Act 1988 as amended. The principal objective of this agency is to facilitate the safe operation of transport services in New South Wales. The comparative period covers the period from 1 January 2004, the date of establishment of the corporation, to 30 June 2004.

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
• the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer under Section 9(2)(n) of the Act.

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 View, 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 19 to 21 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 the 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 had a liability to the Consolidated Fund at balance date (Note 4).
Independent Transport Safety and Reliability Regulator

Notes to and forming part of the financial statements
For the year ended 30 June 2005

(ii) Sale of Services:

Revenue from the sale of services comprises revenue from the provision of services i.e. 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 oncost:

Liabilities for salaries (including non-monetary benefits), annual leave and vested 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-vested 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 (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employee’s salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees’ superannuation contributions.

(iii) Other Provisions

Other provisions exist when the agency has a present legal, 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 Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where 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.
Independent Transport Safety and Reliability Regulator  
Notes to and forming part of the financial statements  
For the year ended 30 June 2005

(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, equipment and computer systems and equipment. The agency acquired most of its computers under operating leases. As these leases expire, the agency will buy computers in accordance with Treasury Circular No. 04/06 (Note 14).

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 per cent. The leasehold period is 3 years and it is expected that the period be extended for a further period of 2 years and amortised at 20 per cent.

The agency owns a small 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 uncollectible 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 Issued 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

<table>
<thead>
<tr>
<th>Item</th>
<th>30 June 2005</th>
<th>6 months to 30 June 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries (including recreation leave)</td>
<td>8,618</td>
<td>3,022</td>
</tr>
<tr>
<td>Superannuation</td>
<td>668</td>
<td>225</td>
</tr>
<tr>
<td>Long service leave</td>
<td>1,123</td>
<td>865</td>
</tr>
<tr>
<td>Workers’ compensation insurance</td>
<td>35</td>
<td>38</td>
</tr>
<tr>
<td>Payroll tax and fringe benefit tax</td>
<td>652</td>
<td>302</td>
</tr>
<tr>
<td>Redundancies</td>
<td>74</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>11,170</strong></td>
<td><strong>4,452</strong></td>
</tr>
</tbody>
</table>

(b) Other operating expenses

<table>
<thead>
<tr>
<th>Accommodation</th>
<th>30 June 2005</th>
<th>6 months to 30 June 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property rentals</td>
<td>609</td>
<td>455</td>
</tr>
<tr>
<td>Other property costs</td>
<td>48</td>
<td>52</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>External services</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Contractors</td>
<td>2,835</td>
<td>4,007</td>
</tr>
<tr>
<td>Legal services</td>
<td>401</td>
<td>10</td>
</tr>
<tr>
<td>Audit fees – external</td>
<td>12</td>
<td>6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Information technology</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer leasing</td>
<td>81</td>
<td>28</td>
</tr>
<tr>
<td>Computer licences</td>
<td>182</td>
<td>58</td>
</tr>
<tr>
<td>Communication lines</td>
<td>10</td>
<td>6</td>
</tr>
<tr>
<td>Other computer costs</td>
<td>26</td>
<td>4</td>
</tr>
</tbody>
</table>
### (b) Other operating expenses (Cont)

<table>
<thead>
<tr>
<th>Description</th>
<th>Year ended 30 June 2005</th>
<th>6 Month to 30 June 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor vehicle running expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating lease rentals</td>
<td>39</td>
<td>21</td>
</tr>
<tr>
<td>Other motor vehicle expenses</td>
<td>125</td>
<td>71</td>
</tr>
<tr>
<td>Advertising and promotion</td>
<td>16</td>
<td>12</td>
</tr>
<tr>
<td>Staff recruitment and training costs</td>
<td>238</td>
<td>219</td>
</tr>
<tr>
<td>Administration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Printing and stationery</td>
<td>121</td>
<td>136</td>
</tr>
<tr>
<td>Telephones</td>
<td>43</td>
<td>172</td>
</tr>
<tr>
<td>Postage and courier</td>
<td>14</td>
<td>3</td>
</tr>
<tr>
<td>Travel</td>
<td>240</td>
<td>74</td>
</tr>
<tr>
<td>Insurance</td>
<td>4</td>
<td>27</td>
</tr>
<tr>
<td>Others</td>
<td>165</td>
<td>165</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,209</strong></td>
<td><strong>5,526</strong></td>
</tr>
</tbody>
</table>

### (c) Depreciation

<table>
<thead>
<tr>
<th>Description</th>
<th>Year ended 30 June 2005</th>
<th>6 Month to 30 June 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasehold improvements</td>
<td>203</td>
<td>100</td>
</tr>
<tr>
<td>Plant and equipment</td>
<td>46</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>249</strong></td>
<td><strong>111</strong></td>
</tr>
</tbody>
</table>

### 3. Revenues

#### (a) Sale of Services

<table>
<thead>
<tr>
<th>Description</th>
<th>Year ended 30 June 2005</th>
<th>6 Month to 30 June 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rendering of services</td>
<td>46</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>46</strong></td>
<td><strong>4</strong></td>
</tr>
</tbody>
</table>

#### (b) Investment income

<table>
<thead>
<tr>
<th>Description</th>
<th>Year ended 30 June 2005</th>
<th>6 Month to 30 June 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest</td>
<td>80</td>
<td>38</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>80</strong></td>
<td><strong>38</strong></td>
</tr>
</tbody>
</table>
## 4. Appropriations

<table>
<thead>
<tr>
<th></th>
<th>Year ended 30 June 2005 $'000</th>
<th>6 Month to 30 June 2004 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Recurrent appropriations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total recurrent drawdowns from Treasury (per Summary of Compliance)</td>
<td>14,661</td>
<td>9,046</td>
</tr>
<tr>
<td>Less: Liability to Consolidated Fund (per Summary of Compliance)</td>
<td>(35)</td>
<td>-</td>
</tr>
<tr>
<td>Recurrent appropriations (per Statement of Financial Performance)</td>
<td>14,626</td>
<td>9,046</td>
</tr>
<tr>
<td><strong>Capital appropriations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total capital drawdowns from Treasury (per Summary of Compliance)</td>
<td>545</td>
<td>1,000</td>
</tr>
<tr>
<td>Less: Liability to Consolidated Fund (per Summary of Compliance)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Capital appropriations (per Statement of Financial Performance)</td>
<td>545</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:

- **Superannuation**: 668, 225
- **Long service leave**: 1,123, 865
- **Payroll tax on superannuation**: 40, 14

(Note 18) 1,831, 1,104
Independent Transport Safety and Reliability Regulator
Notes to and forming part of the financial statements
For the year ended 30 June 2005

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: Provisions 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. Provisions of research and data analysis to identify potential safety issues.

Program 65.1.2 – Investigation

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. Cash

<table>
<thead>
<tr>
<th></th>
<th>$'000 30.06.2005</th>
<th>$'000 30.06.2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at bank and on hand</td>
<td>2,385</td>
<td>2,147</td>
</tr>
<tr>
<td></td>
<td>2,385</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. Receivables

<table>
<thead>
<tr>
<th></th>
<th>$'000 30.06.2005</th>
<th>$'000 30.06.2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee entitlements recoverable</td>
<td>134</td>
<td>149</td>
</tr>
<tr>
<td>Goods and Services Tax – recoverable</td>
<td>68</td>
<td>254</td>
</tr>
<tr>
<td>Others</td>
<td>54</td>
<td>-</td>
</tr>
<tr>
<td>Goods and Services Tax on accruals</td>
<td>101</td>
<td>157</td>
</tr>
<tr>
<td></td>
<td>357</td>
<td>560</td>
</tr>
<tr>
<td>Less: Provision for doubtful debts</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>357</td>
<td>560</td>
</tr>
</tbody>
</table>

### 9. Prepayments

<table>
<thead>
<tr>
<th></th>
<th>$'000 30.06.2005</th>
<th>$'000 30.06.2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepaid expenses</td>
<td>108</td>
<td>113</td>
</tr>
<tr>
<td></td>
<td>108</td>
<td>113</td>
</tr>
</tbody>
</table>
## 10. Non-Current Assets - Property, Plant and Equipment

<table>
<thead>
<tr>
<th></th>
<th>30.06.2005</th>
<th>30.06.2004</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Leasehold Improvements</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At fair value</td>
<td>1,024</td>
<td>1,005</td>
</tr>
<tr>
<td>Less: Accumulated depreciation</td>
<td>304</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>720</td>
<td>905</td>
</tr>
<tr>
<td><strong>Plant and equipment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At fair value</td>
<td>673</td>
<td>183</td>
</tr>
<tr>
<td>Less: Accumulated depreciation</td>
<td>97</td>
<td>51</td>
</tr>
<tr>
<td></td>
<td>576</td>
<td>132</td>
</tr>
<tr>
<td><strong>Total property, plant and equipment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>At net book value</strong></td>
<td>1,296</td>
<td>1,037</td>
</tr>
</tbody>
</table>

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</th>
<th>Plant &amp; equipment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrying amount at 1 July 2004</td>
<td>905</td>
<td>132</td>
<td>1,037</td>
</tr>
<tr>
<td>Additions</td>
<td>19</td>
<td>489</td>
<td>508</td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>204</td>
<td>45</td>
<td>249</td>
</tr>
<tr>
<td>Carrying amount at 30 June 2005</td>
<td>720</td>
<td>576</td>
<td>1,296</td>
</tr>
</tbody>
</table>
### 11. Payables

<table>
<thead>
<tr>
<th>Description</th>
<th>30.06.2005</th>
<th>30.06.2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creditors</td>
<td>5</td>
<td>20</td>
</tr>
<tr>
<td>Accruals</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and on-costs (note 12)</td>
<td>23</td>
<td>116</td>
</tr>
<tr>
<td>Others</td>
<td>1,082</td>
<td>1,740</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,110</strong></td>
<td><strong>1,876</strong></td>
</tr>
</tbody>
</table>


#### Current liabilities

<table>
<thead>
<tr>
<th>Description</th>
<th>30.06.2005</th>
<th>30.06.2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recreation leave</td>
<td>794</td>
<td>302</td>
</tr>
<tr>
<td>Others</td>
<td>123</td>
<td>123</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>917</strong></td>
<td><strong>425</strong></td>
</tr>
</tbody>
</table>

#### Non-current liabilities

<table>
<thead>
<tr>
<th>Description</th>
<th>30.06.2005</th>
<th>30.06.2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recreation leave</td>
<td>274</td>
<td>280</td>
</tr>
<tr>
<td>Others</td>
<td>127</td>
<td>93</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>401</strong></td>
<td><strong>373</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Description</th>
<th>30.06.2005</th>
<th>30.06.2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provisions–current</td>
<td>917</td>
<td>425</td>
</tr>
<tr>
<td>Provisions– non-current</td>
<td>401</td>
<td>373</td>
</tr>
<tr>
<td>Accrued salaries &amp; on-costs (Note 11)</td>
<td>23</td>
<td>116</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,341</strong></td>
<td><strong>914</strong></td>
</tr>
</tbody>
</table>
13. Changes in Equity

<table>
<thead>
<tr>
<th></th>
<th>30.06.2005</th>
<th>30.06.2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balances at the beginning of the financial period</td>
<td>1,183</td>
<td>80</td>
</tr>
<tr>
<td>Surplus for period</td>
<td>500</td>
<td>1,103</td>
</tr>
<tr>
<td>Balance at the end of the financial period</td>
<td>1,683</td>
<td>1,183</td>
</tr>
</tbody>
</table>

14. Commitments for Expenditure

(a) Capital commitments
Aggregate capital expenditure contracted at balance date and not provided for:
- Not later than one year: -
- Later than one year but not later than five years: -
- Later than five years: -
Total (including GST): -

(b) Other expenditure commitments
Aggregate other expenditure contracted for at balance date and not provided for:
- Not later than one year: 621
- Later than one year but not later than five years: -
- Later than five years: -
Total (including GST): 621

(c) Operating lease commitments
Future non-cancellable operating lease rentals not provided for and payable:
- Not later than one year: 916
- Later than one year but not later than five years: 801
- Later than five years: -
Total (including GST): 1,717

The agency leases its motor vehicles, computers and office accommodation (Note 1(h)).
15. Contingent Liabilities and Contingent Assets

Contingent Liabilities

The agency had no contingent liabilities as at balance date (2004-nil).

Contingent Assets

The agency had no contingent assets as at balance date (2004-nil).

16. Budget Review

Net Cost of Services

The net cost of services for the year ended 30 June 2005 was $16.5m compared to the budget of $16.1m, an overspending of $384k.

- Employee-related expenses at $11.2m were above the budget of $10.6m. due to higher employee oncosts.
- Other operating expenses at $5.2m were slightly below the budget of $5.4m.

Assets and Liabilities

The main changes in the statement are set out below:

- Cash of $2.4m was higher than budget and will be used to pay accrued expenses and creditors.
- The receivables were higher than budget.
- Accounts payable including provisions were consistent with the budget and the comparative period.

Cash Flows

Net cash flows from operations amounted to $746k of which $508k was spent on property, plant and equipment with the balance to be used to pay creditors and accrued expenses.
### Independent Transport Safety and Reliability Regulator

#### Notes to and forming part of the financial statements

For the year ended 30 June 2005

### 17. Reconciliation of Cash Flows from Operating Activities to Net Cost of Services

<table>
<thead>
<tr>
<th>Description</th>
<th>30 June 2005 $'000</th>
<th>6 months to 30 June 2004 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Cash flow from Operating Activities</td>
<td>746</td>
<td>3,215</td>
</tr>
<tr>
<td>Cash flows from Government/Appropriations</td>
<td>(15,647)</td>
<td>(10,164)</td>
</tr>
<tr>
<td>Acceptance by the Crown Entity of Employee Entitlements</td>
<td>(1,390)</td>
<td>(986)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(249)</td>
<td>(111)</td>
</tr>
<tr>
<td>(Decrease)/Increase in prepayments</td>
<td>(5)</td>
<td>241</td>
</tr>
<tr>
<td>(Decrease)/Increase in receivables</td>
<td>(203)</td>
<td>403</td>
</tr>
<tr>
<td>(Decrease) Increase in creditors</td>
<td>766</td>
<td>(1,847)</td>
</tr>
<tr>
<td>Increase in provisions</td>
<td>(520)</td>
<td>(798)</td>
</tr>
<tr>
<td>Net Cost of Services</td>
<td>(16,502)</td>
<td>(10,047)</td>
</tr>
</tbody>
</table>

### 18. Non-cash Financing and Investing Activities

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

- Employees’ entitlements and liabilities: 1,831 (2005), 1,104 (2004)
19. Administered Assets and Liabilities

<table>
<thead>
<tr>
<th></th>
<th>30.06.2005</th>
<th>30.06.2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administered Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables (1)</td>
<td>1,081</td>
<td>45</td>
</tr>
<tr>
<td>Total Administered</td>
<td>1,081</td>
<td>45</td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables (1)</td>
<td>1,081</td>
<td>45</td>
</tr>
<tr>
<td>Total Administered</td>
<td>1,081</td>
<td>45</td>
</tr>
</tbody>
</table>

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

20. Administered Revenue - Schedule of Uncollected Amounts

<table>
<thead>
<tr>
<th>Uncollected administered revenue</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,081</td>
<td>45</td>
</tr>
<tr>
<td></td>
<td>1,081</td>
<td>45</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>≤90 Days</th>
<th>&gt;90 Days</th>
<th>$'000 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receivables – rail accreditation fees – 2005</td>
<td>256</td>
<td>825</td>
<td>1,081</td>
</tr>
<tr>
<td>Receivables – rail accreditation fees – 2004</td>
<td>-</td>
<td>45</td>
<td>45</td>
</tr>
</tbody>
</table>
Independent Transport Safety and Reliability Regulator
Notes to and forming part of the financial statements
For the year ended 30 June 2005

21. Administered Revenue

Crown Revenue
Rail accreditation fees collected and remitted to the Crown

<table>
<thead>
<tr>
<th></th>
<th>Year ended 30.06.2005 $'000</th>
<th>6 months to 30.06.2004 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rail accreditation</td>
<td>3,591</td>
<td>-</td>
</tr>
<tr>
<td>fees collected and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>remitted to the Crown</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3,591</td>
<td>-</td>
</tr>
</tbody>
</table>

22. 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 2005 are as follows:
Independent Transport Safety and Reliability Regulator
Notes to and forming part of the financial statements
For the year ended 30 June 2005

22. Financial Instruments (cont)...

<table>
<thead>
<tr>
<th></th>
<th>Floating Interest rate</th>
<th>Non-Interest Bearing</th>
<th>Total carrying amount as per Statement of Financial Position</th>
<th>Weighted average effective interest rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000 2005</td>
<td>$'000 2004</td>
<td>$'000 2005</td>
<td>$'000 2004</td>
</tr>
<tr>
<td>Financial Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>2,385</td>
<td>2,147</td>
<td>-</td>
<td>2,385</td>
</tr>
<tr>
<td>Receivables</td>
<td>-</td>
<td>-</td>
<td>357</td>
<td>560</td>
</tr>
<tr>
<td>Total</td>
<td>2,385</td>
<td>2,147</td>
<td>357</td>
<td>560</td>
</tr>
<tr>
<td>Financial Liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payable</td>
<td>-</td>
<td>-</td>
<td>1,110</td>
<td>1,876</td>
</tr>
<tr>
<td>Total</td>
<td>-</td>
<td>-</td>
<td>1,110</td>
<td>1,876</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.


The implementation of the Australian Equivalents to International Financial Reporting Standards (AEIFRS) will not have a significant impact on the equity and surplus of the agency.

24. Post Balance Sheet Events

On 1 July 2005 the agency transferred its investigative functions to the newly formed Chief Investigator of the Office of Transport Safety Investigations.

End of audited financial statements.
## Appendices

### Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accredited Operators of Railways in NSW</td>
<td>115</td>
</tr>
<tr>
<td>Charter and Aims</td>
<td>116</td>
</tr>
<tr>
<td>ITSRR’s Principal Officers</td>
<td>116</td>
</tr>
<tr>
<td>About ITSRR’s Advisory Board</td>
<td>116</td>
</tr>
<tr>
<td>Significant Committees</td>
<td>119</td>
</tr>
<tr>
<td>Grants to Non-Government Organisations</td>
<td>119</td>
</tr>
<tr>
<td>Legal Changes</td>
<td>119</td>
</tr>
<tr>
<td>Major Works in Progress</td>
<td>119</td>
</tr>
<tr>
<td>Electronic Service Delivery</td>
<td>119</td>
</tr>
<tr>
<td>Equal Employment Opportunity</td>
<td>120</td>
</tr>
<tr>
<td>Human Resources</td>
<td>119</td>
</tr>
<tr>
<td>Consultants</td>
<td>121</td>
</tr>
<tr>
<td>Action Plan for Women</td>
<td>121</td>
</tr>
<tr>
<td>Land Disposal</td>
<td>121</td>
</tr>
<tr>
<td>List of Major Assets</td>
<td>121</td>
</tr>
<tr>
<td>Economic or other Factors</td>
<td>121</td>
</tr>
<tr>
<td>Publications</td>
<td>121</td>
</tr>
<tr>
<td>Overseas Visits</td>
<td>122</td>
</tr>
<tr>
<td>Payment of Accounts</td>
<td>122</td>
</tr>
<tr>
<td>Risk Management and Insurance Activities</td>
<td>123</td>
</tr>
<tr>
<td>Disclosure of Controlled Entities</td>
<td>123</td>
</tr>
<tr>
<td>Ethnic Affairs Priorities Statement</td>
<td>123</td>
</tr>
<tr>
<td>Occupational Health and Safety</td>
<td>124</td>
</tr>
<tr>
<td>Waste Management</td>
<td>124</td>
</tr>
<tr>
<td>Code of Conduct</td>
<td>124</td>
</tr>
<tr>
<td>Annual Report External Costs</td>
<td>124</td>
</tr>
<tr>
<td>Performance and Number of Executive Officers</td>
<td>124</td>
</tr>
<tr>
<td>Freedom of Information</td>
<td>128</td>
</tr>
<tr>
<td>Privacy Management Plan</td>
<td>128</td>
</tr>
<tr>
<td>Principal Legislation Administered by ITSRR</td>
<td>128</td>
</tr>
<tr>
<td>Government Energy Management Policy</td>
<td>128</td>
</tr>
<tr>
<td>Credit Card Certification</td>
<td>128</td>
</tr>
<tr>
<td>Response to Significant Issues Raised by the Auditor-General</td>
<td>128</td>
</tr>
<tr>
<td>Exemptions to reporting obligations</td>
<td>128</td>
</tr>
</tbody>
</table>
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.

3801 Limited
Airport Link Pty Ltd
Alstom Australia Ltd
Australia Southern Railroad
Australian Rail Track Corporation
Australian Railway Historical Society (ACT Div)
AW Edwards Pty Ltd
Barclay Mowlem Construction Limited
Bishop Austrans Pty Ltd
Blue Circle Southern Cement
Blue Scope Steel (AIS) Pty Ltd
Bradken Rail Mittagong
Campbelltown Steam Museum
Chicago Freight Car Leasing Australia Pty Ltd
Connex Sydney Pty Ltd – Light Rail
Connex Sydney Pty Ltd – Monorail
Cooma-Monaro Railway Inc
CRT Rail Operations Pty Ltd
Dorrigo Steam Railway & Museum Limited
EDI Rail Pty Ltd
Fluor Australia Pty Ltd
Glenreagh Mountain Railway Inc
Goulburn Crookwell Heritage Railway Inc
GrainCorp Operations Ltd
Great Southern Railway Ltd
Heggies Bulkhaul Ltd
Historic Electric Traction
Illawarra Light Railway Museum Society Ltd
Interail Australia
John Holland Pty Ltd
Junee Railway Workshops Pty Ltd
Lachlan Valley Rail Freight
Lachlan Valley Railway Society Co-op Ltd
Heritage Park and State Mine Railway
Manildra Group
Melaleuca Station

3801  Millennium Parklands Railway
AL  New England Railway Inc
AAT  NSW Rail Transport Museum
ASR  OneSteel Manufacturing
ARTC  Pacific National Pty Ltd
ARHS  Pacific Rail Engineering Pty Ltd
AWE  Parramatta Rail Link Co Pty Ltd
BMCL  Patrick Rail Operations Pty Ltd
BAP  Perisher Blue Pty Ltd
BCSC  Powerhouse Museum
BSS  Queensland Rail
BRM  Rail Fleet Services Limited
CSM  Rail Infrastructure Corporation
CFCL  RailCorp
CONL  Rail Industry Service Providers Holdings
CONM  Regional Heritage Transport Association, Junee
CMR  Richmond Vale Railway Museum
CRT  South Maitland Railways Pty Ltd
DSRM  South Spur Rail Services Pty Ltd
EDI  Southern Shorthaul Railroad
FAP  Speno Rail Maintenance Australia Pty Ltd
GMR  Sydney Tramways Museum
GCHR  Taylor Rail Track Pty Ltd
GOL  The Rail Motor Society Inc
GSR  The Silverton Tramway Company Ltd
HBH  Thies Hochtif Postal Venture
HET  Timbertown Heritage Steam Railway Pty Ltd
ILR  Transfield Services Australia
INT  United Goninan Ltd
JH  V/Line Passenger Pty Ltd
JRWF  Valley Heights Steam Tramway
LVR  Westinghouse Signals Australia
LVR  Works Infrastructure Pty Ltd
SMHP  Zig Zag Railway Co-op Ltd
MG  MES

ITSRR Annual Report 2004 - 05/Appendices 115
ITSRR’s Charter and Aims

The principal objective of ITSRR is to facilitate the safe operation of transport services in the State.

ITSRR also has the following objectives:

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

ITSRR’s Principal Officers

ITSRR’s principal officers during 2004-05, comprising its Executive Management Team, were as follows:

Chief Executive Carolyn Walsh BEc

Chief Investigator Paul O’Sullivan MBA, MA

Executive Director, Corporate Strategy Natalie Pelham MScSoc

Director, Business Services Paul Harris BCom

Executive Director, Service Reliability Simon Foster GradDipMangt and a Land and Engineering Survey Drafting Certificate

Executive Director, Transport Safety Regulation Kent Donaldson BEc, BSc (Aviation), BSc(Engineering)

About ITSRR’s Advisory Board

Role and Function

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

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

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 the following:

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

The Chairperson must have experience in transport safety management systems (including rail safety management systems). 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 a period of three years from 16 December 2003.

Meetings

The Board meets monthly, unless additional or extraordinary meetings are considered necessary. During 2004-05, it held 12 meetings. There were no changes in Board membership in 2004-05.
Ron Christie AM (BE, FIEAust, ASTC, FAIM) – Chairman

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 Coordinator 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 SRA, Government and private bus operators, ferry operators and volunteer car drivers to provide for the transport needs of the Olympic and Paralympic Games. As Coordinator 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.

A strategic plan for the maintenance sectorisation and expansion of the rail system was provided to the Government by Mr Christie in 2001.

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 Australia.

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.

Jean Cross (BSc, PhD, FIEAust, MAIP)

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.

Dr Lee is now an international consultant in human factors and systems safety in aviation, rail and other high technology industries. His recent airline clients have included Cathay Pacific, Emirates and Qantas. He has also worked with State Rail in introducing human factors and systems safety concepts to rail operations and training.
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-year’s 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 (BEc)

Carolyn Walsh, Chief Executive of ITSRR is also a member of the Board.
Significant Committees

Transport Regulators Executive Committee (TREC)

TREC comprises the Chief Executives of the three agencies responsible for regulating the safety of public passenger transport, ITSRR, the Ministry of Transport and NSW Maritime. It is chaired by the Chairman of the ITSRR Advisory Board.

Its role is to act as a mechanism to share information, with the objective of identifying issues that require resolution across all three transport modes. This ensures that each agency understands the commonalities and differences between their approaches to safety regulation.

Grants to Non-Government Organisations

There were no grants to non-government organisations.

Legal Changes

Legal changes to Regulations:

- Rail Safety (General) Amendment (Miscellaneous) Regulation made on 14 January 2005

Legal changes to Acts:

- Transport Legislation Amendment (Waterfall Rail Inquiry Recommendations) Act Assented to on 27 June 2005, substantially commenced on 1 July 2005

Major Works in Progress

ITSRR is undertaking major information systems development work to improve the effectiveness of its safety data. A capital grant of $390,000 was allocated during the year for this purpose.

Electronic Service Delivery

The Electronic Self Service Kiosk is now operational. It allows staff to apply for leave online and receive electronic approval notices by email. Staff can also view leave balances and entitlements online as well as allow managers immediate access to staff leave balances.

<table>
<thead>
<tr>
<th>Human Resources Number of staff by category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
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<tr>
<td>TOTAL</td>
</tr>
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</table>
### Trends in the Representation of EEO Groups

<table>
<thead>
<tr>
<th>EEO Group</th>
<th>Benchmark or Target</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>50%</td>
<td>34%</td>
<td>38%</td>
</tr>
<tr>
<td>Aboriginal people and Torres Strait Islanders</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>People whose first language was not English</td>
<td>20%</td>
<td>15%</td>
<td>22%</td>
</tr>
<tr>
<td>People with a disability</td>
<td>12%</td>
<td>15%</td>
<td>11%</td>
</tr>
<tr>
<td>People with a disability requiring work-related adjustment</td>
<td>7%</td>
<td>5.9%</td>
<td>4.3%</td>
</tr>
</tbody>
</table>

### Trends in the Distribution of EEO Groups

<table>
<thead>
<tr>
<th>EEO Group</th>
<th>Benchmark or Target</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>100</td>
<td>91</td>
<td>91</td>
</tr>
<tr>
<td>Aboriginal and Torres Strait Islanders peoples</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>People whose first language was not English</td>
<td>100</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>People with a disability</td>
<td>100</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>People with a disability requiring work-related adjustment</td>
<td>100</td>
<td>n/a</td>
<td>n/a</td>
</tr>
</tbody>
</table>

**Notes:**

1) Staff numbers are as at 30 June 2005
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

ITSRR did not engage any consultants during the year.

Action Plan for Women

ITSRR is not required to prepare an action plan for women.

Land Disposal

ITSRR does not have any land to dispose of.

List of Major Assets

ITSRR has no major assets to report against.

Economic or other factors

There were no economic or other factors affecting ITSRR’s operational objectives in 2004-05.

Publications

During the year ITSRR published the following documents:

• Survey of CityRail Customers, January 2005
• Annual Report 2003-2004, October 2004
• Implementation of the NSW’s Government Response to the final report of the Special Commission of Inquiry into the Waterfall Accident, January – March 2005
• Transport Advisory Weekly (TAW) Electronic News Service – June 2005
• Train Door Emergency Egress and Access and Emergency Evacuation Procedures, November 2004

In addition, the Office of Transport Safety Investigations finalised and published the following reports:

• Rail Safety Investigation Report, Unanderra Derailment, July 2004
• Rail Safety Investigation Report, Yass Junction Derailment, July 2004
• Rail Safety Investigation Report, Baan Baa Level Crossing Fatality, February 2005
• Rail Safety Investigation Report, Port Botany Shunting Fatality, June 2005
• Bus Safety Investigation Report, Gosford Red Bus Service, December 2004
• Bus Safety Investigation Report, Smithfield (Woodpark) Collision, February 2005
• Ferry Safety Investigation Report, Louise Sauvage Collision, June 2005
## Overseas trips 2004-2005

<table>
<thead>
<tr>
<th>Dates</th>
<th>Destination</th>
<th>Attendee</th>
<th>Purpose</th>
<th>Cost $</th>
</tr>
</thead>
<tbody>
<tr>
<td>5/04/05 to 8/04/05</td>
<td>Wellington NZ</td>
<td>Carolyn Walsh</td>
<td>Attended 2 Steering Committee meetings: (1) Standing Committee on Transport and (2) Transport Agency Chief Executives</td>
<td>3,713</td>
</tr>
<tr>
<td>5/04/05 to 8/04/05</td>
<td>Wellington NZ</td>
<td>Philip Halton</td>
<td>Attended 2 Steering Committee meetings: (1) Standing Committee on Transport and (2) Transport Agency Chief Executives</td>
<td>2,008</td>
</tr>
<tr>
<td>8/02/05 to 9/02/05</td>
<td>Christchurch NZ</td>
<td>Kent Donaldson</td>
<td>Attended Rail Safety Regulators Panel meeting</td>
<td>2,095</td>
</tr>
<tr>
<td>8/02/05 to 9/02/05</td>
<td>Christchurch NZ</td>
<td>Philip Halton</td>
<td>Attended Rail Safety Regulators Panel meeting</td>
<td>2,175</td>
</tr>
<tr>
<td>28/11/04 to 5/12/04</td>
<td>London UK</td>
<td>Wayne Richards</td>
<td>Attended 2nd International Confidential Reporting Systems Forum</td>
<td>9,410</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>TOTAL</td>
<td>19,401</td>
</tr>
</tbody>
</table>

## 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>Between 30 and 60 days overdue $'000</th>
<th>Between 30 and 60 Days overdue $'000</th>
<th>Between 60 Days and 90 Days overdue $'000</th>
<th>Between 90 Days and More than 90 days overdue $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>September</td>
<td>66</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>December</td>
<td>150</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>March</td>
<td>61</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>June</td>
<td>191</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
### Time for Payment of Accounts

**Accounts paid on time within each quarter**

<table>
<thead>
<tr>
<th></th>
<th>Total Accounts Paid on Time</th>
<th>Total Amount Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Target %</td>
<td>Actual %</td>
</tr>
<tr>
<td>September</td>
<td>100</td>
<td>74</td>
</tr>
<tr>
<td>December</td>
<td>100</td>
<td>68</td>
</tr>
<tr>
<td>March</td>
<td>100</td>
<td>85</td>
</tr>
<tr>
<td>June</td>
<td>100</td>
<td>96</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Risk Management and Insurance Activities

ITSRR has revisited its risk management framework to ensure appropriateness for the organisational structure. ITSRR has maintained accounts with the Treasury Management Fund for all insurance.

### Disclosure of Controlled Entities

ITSRR does not have any controlled entities to report against.

### Ethnic Affairs Priorities Statement (EAPS)

ITSRR developed its Ethnic Affairs Priorities Statement highlighting specific actions and behavioural expectations.

During the year ITSRR EAPS achievements included:

- formalisation in policy of the requirement for all staff to recognise and respect individual and cultural differences amongst other staff, the rest of the public sector and the community in general. In doing so to value diversity of thought, experience and skills;
- including in the survey of public rail transport customers strategies to ensure ethnic groups were represented and survey information could be collected in the preferred language of the survey participants;
- including EAPS awareness as an essential requirement in all position descriptions; and
- including in the ITSRR Work Hours Policy the need for Managers to accommodate flexible work arrangements that support the freedom of individuals to express their language, religious and cultural beliefs.

Future activities planned include:

- ensuring interpreter services can be accessed if needed when ITSRR is undertaking compliance inspections and investigations that require collaboration or collection of evidence through communication with clients or the general public;
- providing information on our website on assistance available to meet the needs of culturally and linguistically diverse backgrounds;
- continuing to ensure that surveys of the public focus on ethnic group representation and collection of survey information in the preferred language of the participant.

Timeframes for completion vary but budget and staff has been allocated to complete these initiatives.
Occupational Health and Safety

In conformity with the OHS Act 2002, ITSRR has formed an OHS Consultative Committee consisting of three elected staff representatives and three management nominees. The Committee’s role is to facilitate a safe work environment for ITSRR staff. It receives advice from staff and other sources on potential hazards in the workplace and works with staff and management to develop controls to reduce risks to ‘as-low-as-reasonably-practical’. ITSRR is acutely aware of the need for safe working practices, especially in regard to its considerable field activities.

Waste Management

ITSRR has developed a waste management strategy that provides for recycling of used goods, use of recycled paper and photocopy cartridges and reductions in paper use.

Code of Conduct and Ethics

A copy of the Code is provided to all ITSRR staff on its Intranet service, and outlined to staff on induction. No changes were made to the code during the year.

Annual Report External Costs

The external cost of ITSRR’s annual report was $5067.00. It comprised costs relating to an external proof-reader, printing and preparation of CD’s.
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 functions of the Independent Transport Safety and Reliability Regulator, including the safety regulation of rail transport in NSW, the coordination of strategic safety issues across transport modes (rail, bus and ferry), and the provision of advice to Government on the reliability of publicly funded transport services.

The 2004-05 financial year saw a consolidation of ITSRR’s business development as a new agency.

Major achievements during the period included:

• provision of advice to Government on its response to the Special Commission of Inquiry into the Waterfall Rail Accident;
• a comprehensive review of transport safety legislation in light of the recommendations of the Waterfall Inquiry, which resulted in the enactment of the Transport Legislation Amendment (Waterfall Rail Inquiry Recommendations) Act 2005;
• development of a verification and reporting framework for the implementation of the Waterfall Inquiry recommendations;
• introduction of new standards in rail safety, including elements required of an operator’s Safety Management System and Medical Health Assessments;
• leadership in the development of National Model Legislation by chairing the National Rail Safety Package Steering Committee;
• publication of the first independent Survey of CityRail Customers;
• a major recruitment initiative resulting in over 90% staffing against establishment;
• development of a Corporate Management System Framework (supported by new IT and records management systems) to ensure the quality of ITSRR’s business planning, policy development and service delivery; and
• management of ITSRR’s finances (net cost of service expenditure) to within 0.3% of budget.
**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 Transport Safety Regulation Division covering accreditation of rail operators and actioning of audit and compliance activities to maintain and promote safe operations. Safe rail operations were also promoted through policies and guidelines covering specific aspects of rail safety operations.

Major achievements included:

- Development of the National Accreditation Package which covers accreditation requirements, guidelines for management of change and a national audit protocol;
- Managed the implementation of recommendations from the Special Commission of Inquiry into the Waterfall Accident including establishing a framework to prioritise, implement and monitor progress of adopting accepted recommendations;
- Facilitated introduction of the national classification system (ONS1) for reporting of safety incidents and accidents by operators;
- Improved safety data integrity for use in analysis of safety performance;
- Developed and implemented policies and guidelines for:
  - Drug and alcohol testing.
  - Employee health assessments.
  - Fatigue management;
- Conducted the Rail Network Vulnerability Analysis to identify industry risks and hazard management strategies;
- Managed accreditation assessment of a number of operators including ARTC and Queensland Rail.
- Oversaw implementation of enhanced compliance auditing of rail operators.
- Managed implementation of statutory enforcement measures.
OTSI

**Name:** Paul O’Sullivan

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

**Remuneration:** $218,280

**Level:** SES Level 5

**Performance Pay:** Nil

**Performance Achievements:**

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

The Chief Investigator reported directly to the Chairperson of the Independent Transport and Reliability Advisory Board. From the beginning of 2005 – 06, the Chief Investigator will report directly to the Minister for Transport.

Specific achievements include:

- provided a 24-hour reporting service for the notification of safety critical accidents and incidents;
- published a daily summary of incidents notified to OTSI through the incident reporting system and the immediate action taken;
- received and reviewed “72-hour” incident reports from rail, bus and ferry operators as a follow-up to notified accidents and incidents;
- responded to and initiated 11 OTSI investigations into serious rail, bus and ferry accidents and incidents;
- reviewed 79 rail operator investigation reports and a further 149 reports which had been submitted to the former Transport Safety Bureau dating back to 2000;
- provided the Minister for Transport with monthly statutory reports on those operator investigations reviewed by OTSI;
- submitted seven OTSI investigation reports to the Minister for Transport for tabling in Parliament;
- received 72 reports through the Confidential Safety Information Reporting Scheme and issued 41 Safety Valve Notices;
- completed the recruiting of investigators to bring the office to full authorised establishment;
- implemented an induction and training program for all staff; and
- continued the development and population of the Accident Investigation Management Database;
- contributed to the review of the Waterfall Special Commission of Inquiry recommendations and preparation of the amendments to the relevant transport legislation.
Freedom of Information

There were no freedom of information requests in 2004-05.

Privacy Management Plan

ITSRR has developed a comprehensive Privacy Management Plan which is available to staff on the intranet.

Principal Legislation Administered by ITSRR

ITSRR exercises functions under the:

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

Government Energy Management Policy

ITSRR’s energy use was audited and awarded a 5-star rating.

Credit Card Certification

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

Response to Significant Issues Raised by the Auditor-General

No issues for ITSRR action were raised by the Auditor-General during 2004-05

Exemptions to reporting obligations

ITSRR does not require any reporting exemptions.

Acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>ITSRR</td>
<td>Independent Transport Safety and Reliability Regulator</td>
</tr>
<tr>
<td>NTC</td>
<td>National Transport Commission</td>
</tr>
<tr>
<td>ATC</td>
<td>Australian Transport Council</td>
</tr>
<tr>
<td>SMS</td>
<td>Safety Management System</td>
</tr>
<tr>
<td>OTR</td>
<td>On-time running (of rail services)</td>
</tr>
<tr>
<td>SCOI</td>
<td>Special Commission of Inquiry</td>
</tr>
<tr>
<td>CSIRS</td>
<td>Confidential Safety Information Reporting Scheme</td>
</tr>
</tbody>
</table>
Index

Accounts Payable Performance........................................................................................................123
Accredited Operators of Railways in NSW........................................................................................115
Advisory Board Chairman’s Report..................................................................................................5
Action Plan for Women...................................................................................................................121
Advisory Board..................................................................................................................................17, 116
Annual Report External Costs...........................................................................................................124
Appendices.....................................................................................................................................114
Auditor-General’s Report...................................................................................................................90
Business Services Division ..................................................................................................................28
Charter and Aims............................................................................................................................116
Chief Executive’s Report....................................................................................................................3
Code of Conduct.............................................................................................................................124
Consultants.....................................................................................................................................121
Contact Details................................................................................................................................131
Controlled Entities...........................................................................................................................123
Corporate Plan 04-05, 05-06........................................................................................................18,21
Corporate Strategy Division...............................................................................................................27
Credit Card Certification.....................................................................................................................128
Electronic Service Delivery..............................................................................................................119
Equal Employment Opportunity......................................................................................................120
Ethnic Affairs Priorities Statement..................................................................................................123
Exemptions to Reporting Obligations...............................................................................................128
Executive Management..............................................................................................................15,116
Financial Statements.........................................................................................................................93
Freedom of Information...................................................................................................................128
Goals................................................................................................................................................21
Governance and Management...........................................................................................................11
Government Energy Management Policy..........................................................................................128
Grants to Non-Government Organisations.......................................................................................119
Highlights and challenges....................................................................................................................7
Human Resources............................................................................................................................119
Industry Overview............................................................................................................................32
Index cont...

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Key Functions</td>
<td>19</td>
</tr>
<tr>
<td>Land Disposal</td>
<td>121</td>
</tr>
<tr>
<td>Legal Changes</td>
<td>119</td>
</tr>
<tr>
<td>Letter to Minister</td>
<td>1</td>
</tr>
<tr>
<td>List of Major Assets</td>
<td>121</td>
</tr>
<tr>
<td>Major Works in Progress</td>
<td>119</td>
</tr>
<tr>
<td>Management and Structure</td>
<td>15,20</td>
</tr>
<tr>
<td>Notes to Financial Statements</td>
<td>98</td>
</tr>
<tr>
<td>Occupational Health and Safety</td>
<td>124</td>
</tr>
<tr>
<td>Office of Transport Safety Investigations (OTSI)</td>
<td>30</td>
</tr>
<tr>
<td>Overseas Travel</td>
<td>122</td>
</tr>
<tr>
<td>Performance and Number of Executive Officers</td>
<td>124</td>
</tr>
<tr>
<td>Principal Legislation Administered by ITSRR</td>
<td>128</td>
</tr>
<tr>
<td>Privacy Management Plan</td>
<td>128</td>
</tr>
<tr>
<td>Publications</td>
<td>128</td>
</tr>
<tr>
<td>Rail Industry Safety Report 2004-05</td>
<td>38</td>
</tr>
<tr>
<td>Response to Significant Issues</td>
<td>128</td>
</tr>
<tr>
<td>Risk Management and Insurance</td>
<td>12,123</td>
</tr>
<tr>
<td>Service Reliability Division</td>
<td>26</td>
</tr>
<tr>
<td>Significant Committees</td>
<td>119</td>
</tr>
<tr>
<td>Staff by Equal Employment Opportunity category</td>
<td>119</td>
</tr>
<tr>
<td>Statement of Cash Flows</td>
<td>95</td>
</tr>
<tr>
<td>Statement of Financial Compliance</td>
<td>96</td>
</tr>
<tr>
<td>Statement of Financial Performance</td>
<td>93</td>
</tr>
<tr>
<td>Statement of Financial Position</td>
<td>94</td>
</tr>
<tr>
<td>Statement of Values</td>
<td>21</td>
</tr>
<tr>
<td>Structure</td>
<td>20</td>
</tr>
<tr>
<td>Time for Payment of Accounts</td>
<td>122</td>
</tr>
<tr>
<td>Transport Safety Regulation Division</td>
<td>22</td>
</tr>
<tr>
<td>Transport Reliability Report 2004-05</td>
<td>64</td>
</tr>
<tr>
<td>Waste Management</td>
<td>124</td>
</tr>
<tr>
<td>Year in Review</td>
<td>9</td>
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</table>
Contact Details

Independent Transport Safety and Reliability Regulator

contact@transportregulator.nsw.gov.au
PO Box A2633
Sydney South NSW 1235
Lvl 22, 201 Elizabeth Street
Sydney NSW 2000

Phone: 02 8263 7100
Fax: 02 8263 7200
www.transportregulator.nsw.gov.au

Office of Transport Safety Investigations (OTSI)

PO Box A2633 Sydney South
NSW 1235
Level 22, 201 Elizabeth Street
Sydney NSW 2001
info@otsi.nsw.gov.au

Telephone: 02 8263 7100
Facsimile: 02 8263 7299
www.otsi.nsw.gov.au

Confidential Safety Information Reporting Scheme (CSIRS)

PO Box A2616
Sydney South NSW 1235
Email: csirs@otsi.nsw.gov.au
Telephone: 1800 180 828
Facsimile: 1800 180 528

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

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