Annual Report
2009-10
Dear Minister,

It is my pleasure to submit to you for presentation to NSW Parliament the Independent Transport Safety and Reliability Regulator’s Annual Report 2009–10.

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

Yours sincerely

Len Neist
Chief Executive
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Vision
Safe and reliable transport services in NSW

Organisational purpose
Improving transport safety

Values

Independence
from industry, political and individual influences

Excellence
in what we do and how we do it

Transparency
with expected actions and no hidden agendas

Accountability
including being open and honest and integrity in decision-making

Responsiveness
in meeting expected timelines and providing feedback along the way
Who we are
The Independent Transport Safety and Reliability Regulator (ITSRR) is a statutory authority of the NSW Government, reporting to the Minister for Transport while maintaining independence in relation to decisions on key safety functions. Although based in Sydney, ITSRR officers travel throughout NSW to conduct audits, compliance inspections and investigations of railway operations. As at 30 June 2010, ITSRR employed 75 staff.

ITSRR works closely with NSW Transport and Infrastructure on transport safety but remains independent in respect to its management.

What we do
ITSRR’s services during 2009-10 included:
› accreditation, audit and compliance monitoring of NSW rail transport operators
› rail safety policy development at state and national levels
› rail safety reporting and advice to government and industry
› reliability reporting and advice to government on publicly funded transport networks
› monitoring responses to recommendations from independent rail safety investigations.

Our statutory framework
ITSRR’s principal governing framework, including its objectives, is outlined in the Transport Administration Act 1988.


Our resources
ITSRR’s budget for 2009-10 was $16.5 million. During the year, ITSRR collected $3.3 million in rail transport operator accreditation fees, which forms consolidated revenue. ITSRR’s primary costs are staff salaries and operational costs. ITSRR does not own any property assets.

Our risk context
ITSRR’s risk context links its external environment to internal strategic needs and capabilities. Key drivers for 2009-10 included:
› population growth and economic pressures increasing public transport use and operator pressure to maintain safety and reliability standards
› increasing number of service providers, particularly contractors and sub-contractors, heightening pressure on ITSRR to communicate and enforce safety requirements
› the national reform process, which seeks to establish a national rail safety regulator and define state implementation of national rail safety legislation
› increasing demand for skilled staff creating succession and training challenges for industry and ITSRR
› changes within the NSW transport portfolio introducing new roles, structures and accountabilities for transport agencies with whom ITSRR interacts.
ITSRR’s primary stakeholders are the NSW Minister for Transport, the rail industry (including management, staff and unions), state and national transport bodies and ITSRR staff, with key beneficiary stakeholders being NSW commuters and the general public.

ITSRR engages with its stakeholders through a variety of communication channels:

- with operators through its field activities, strategic forums and executive safety seminars
- with Transport NSW through the Transport CEO forum and at officer level
- with state and national transport agencies through government forums such as the Rail Safety Regulators’ Panel and national reform committees
- with colleague NSW transport regulators through ITSRR’s strategic coordination forum
- with rail and bus commuters through its independent surveys of transport performance
- with the public through its website and publications.
2009-10 highlights and challenges

Highlights

Rail safety regulation
› Greater strategic ability to target rail safety issues through inspection in addition to audit following the enactment of the Rail Safety Act 2008, with 382 inspections resulting in 140 statutory notices served on NSW rail operators (page 29)
› Conducted major compliance campaign on track worker safety resulting in 149 rail worksite inspections, 111 incident assessments, 4 investigations and 22 notices to produce information (page 22)
› Successful prosecution of an accredited rail transport operator for breaches of rail safety legislation in relation to the track worker fatalities at Singleton in July 2007 (page 31)
› Coordinated with agencies and rail operators to oversight the risk management process involving longwall mining operations under an operating main line, considered as a world first solution (page 26)
› Completed ITSRR’s three-year strategy to assist heritage operators understand their rail safety obligations with tailored hazard analysis workshops delivered for accredited heritage operators (page 25)

Transport safety and reliability advice
› Proactive input to progressing national reforms, including chairing of the advisory committee to provide advice on the establishment of a national rail safety regulator and implement nationally consistent rail safety legislation (page 43)
› Significant involvement in national development of a methodology to analyse causal factors in rail safety incidents, including development of a prototype database for use by industry, regulators and investigators (page 41)
› Development of an asset management assurance program for trial by RailCorp to address longer-term asset management (page 42)
› Completion of the first NSW independent survey of bus customers to measure satisfaction levels (page 43)

Corporate governance
› Achievement of quality certification ISO 9001 for the rail safety regulation function (page 57)
› Enhanced capability of middle managers through university-level management training (page 64)
› Strengthened internal audit capacity improving ITSRR service delivery (page 55)
› Trial of the application of a geographic information system (GIS) to rail incident data to enable systemic incident analysis (page 56)

Challenges
› Increased concern over worksite protection rail safety incidents demanding greater focus from ITSRR’s compliance enforcement and investigations teams
› Engagement with federal and interstate bodies through national rail safety regulatory reform program
› Continuous improvement in the quality of rail safety and reliability data
› Adapting ITSRR’s learning and development program to meet legislative and staff changes
› Working with NSW Transport and Infrastructure in determining ITSRR’s role within the NSW transport portfolio following changes to the Transport Administration Act 1988

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ITSRR's detailed audited financial statements are on page 67.

Budget

The net cost of services budget for 2009–10 was $16.4 million. The budget allocated reflected a $0.5 million reduction as a result of a government initiative to reduce executive salaries.

Operating result for 2009–10

<table>
<thead>
<tr>
<th>Financial summary</th>
<th>2005–06 ($'000)</th>
<th>2006–07 ($'000)</th>
<th>2007–08 ($'000)</th>
<th>2008–09 ($'000)</th>
<th>2009–10 ($'000)</th>
<th>Change %</th>
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<tbody>
<tr>
<td>Operating expenses</td>
<td>14,995</td>
<td>15,515</td>
<td>16,451</td>
<td>16,671</td>
<td>15,284</td>
<td>-8.3</td>
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<tr>
<td>Operating revenue</td>
<td>162</td>
<td>178</td>
<td>305</td>
<td>133</td>
<td>184</td>
<td>38.3</td>
</tr>
<tr>
<td>Net cost of services</td>
<td>14,793</td>
<td>15,337</td>
<td>16,146</td>
<td>16,538</td>
<td>15,100</td>
<td>-8.7</td>
</tr>
</tbody>
</table>

In 2009–10, net cost of services was $15.1 million, which was within ITSRR’s net cost of services budget of $16.4 million. This was 8.7% below the 2008–09 result of $16.5 million. The difference primarily relates to reduced spending on legal fees. The increase in operating revenue in comparison to the previous year was a result of increased recoupment of project and staff secondment costs.

Expenditure

The majority of the $15.3 million in expenses related to staff costs of $11.4 million (budget – $11.4 million) and other operating expenses of $3.4 million (budget – $4.6 million), which includes items such as office accommodation, legal services, motor vehicle expenses and administrative costs as well as depreciation and amortisation of $406,000 (budget – $427,000). Staff costs included a 4% pay rise in accordance with the ITSRR Award.

Most of the under expenditure relates to $0.7 million unspent from ITSRR’s protected legal budget, $0.27 million in reduced use of contractors and the balance in minor savings.

Revenue

ITSRR is a budget dependent agency and does not generate any revenue from external sales. Revenue totalling $184,000 consists of the recoupment of project costs and costs related to short-term staff secondments of $105,000 and interest on cash at bank of $79,000.

Net expenditure by program groups

The program expenditure reflects budget allocations. In 2009–10, costs for the transport reliability advice program have been incorporated into the new broader transport safety and reliability advice program. However for reporting and comparative purposes, costs have been shown separately.

Administered revenue

ITSRR collects accreditation fees from rail transport operators in NSW under rail safety legislation. In addition, fines totalling $2,000 from penalty notices and prosecutions were also collected. In 2009–10, ITSRR collected a total of $3.3 million in fees, which contributed to consolidated government revenue.
Chief executive’s message

During the year, ITSRR further demonstrated its value to the NSW public through its targeted enforcement of the Rail Safety Act 2008, its provision of independent quality advice on transport safety to state and national governments, and its reliability advice to the NSW Government including the conduct of commuter surveys of rail and bus commuters to test satisfaction with transport performance.

The Act established principle-based regulation, which recognises that there can be more than one way to achieve a safety objective thus allowing the rail industry flexibility in achieving those objectives rather than imposing prescriptive requirements. ITSRR monitors rail operators’ implementation of these principles and enforces compliance with rail safety legislation.

ITSRR has reached the level of maturity where it is applying the full range of compliance and enforcement options under the Act. ITSRR continues to actively promote and pursue improvement in safety risk in the rail environment, not simply responding to reported issues but through targeting specific segments and activities to uncover issues and facilitating correction before they become problems.

There are new challenges ahead that will call on ITSRR’s well developed capabilities. One major change is the shift in regulatory approach brought about by the introduction of the Act and the general duty on persons conducting rail operations, which facilitates a proactive approach to enforcing compliance. Another change under the Act is that ITSRR is no longer required to audit all passenger operators annually, freeing up resources to determine the most appropriate regulatory response to rail safety issues through a more proactive approach using targeted compliance inspections. This has led to significant increases in inspections and a lesser focus on audits.

In addition, ITSRR will be providing direct support to the Director General Transport NSW by assuming responsibility under delegation for public transport safety functions under the Passenger Transport Act 1990. In particular, ITSRR will be assuming responsibility for regulating bus transport safety. In addition, changes in the Transport Administration Act 1988 resulted in the reliability advisory function transferring to Transport NSW on 1 July 2010. At that point the regulator was renamed the Independent Transport Safety Regulator. These developments will present new challenges for the organisation, which I am confident will be tackled with the same high professional standard that has been applied to our services to date.

I would like to emphasise the gains that ITSRR has made during this year as follows:

**Addressing track worker safety**

During 2009-10, ITSRR continued to invest significant resources to address track worker safety by commencing a targeted compliance campaign involving high rates of inspections and enforcement to ensure that operators are aware of, and effectively applying, the procedures and controls they need to have in place to protect their rail safety workers while working in the rail corridor. It is with considerable sadness that two track worker fatalities occurred during the year, further evidencing the high risk involved in track work and the need for proactive risk management and education. Track worker safety will continue to be one of ITSRR’s corporate priorities.
Successful prosecution for rail safety breaches

During the year, ITSRR took a significant step by initiating a prosecution in the NSW Supreme Court against an accredited rail transport operator. The rail transport operator entered a plea of guilty in May 2010 and was later convicted and fined $200,000 by the court. The prosecution was taken following ITSRR’s investigation into the double track worker fatality at Singleton in 2007. I express my sympathy to the families of the track workers and thank ITSRR staff who worked tirelessly to ensure the completeness and integrity of the evidence to support the prosecution.

Contribution to national rail safety regulatory framework

ITSRR has provided significant resources in support of the national rail safety regulatory reform program, which was established to create a national rail safety regulator to be hosted in South Australia. In particular, ITSRR has been promoting strongly that whatever model is created and action taken, there will be no lessening of the current level of safety risk oversight and regulation that the NSW Government has established.

Advising on asset sustainability management

This year ITSRR extended its specialist advice to include asset sustainability, which has been identified as a significant gap in the rail industry. Drawing on better practices from other industries, ITSRR has developed a new approach to assessing asset management capabilities, which is supported by RailCorp and will be used to develop guidance for industry to incorporate into their safety management systems. Asset integrity has a direct relationship to system safety, making asset management practices a key risk control in promoting continuous improvement in the management of safety risk.

Informing government and the public on transport service reliability

During the year, ITSRR provided quality independent advice on transport reliability performance through its annual transport reliability report as well as timely advice on better practice procurement of commuter rail services, as part of the government’s current intention to prepare new rail and ferry service agreements.

ITSRR also continued its independent surveys of commuters, which now includes both bus and rail users. Key findings of the 2009 survey published earlier this year showed that CityRail commuter perceptions of punctuality and aspects of security and communication with passengers have all improved but crowding in peak hour trains remains a concern. The bus survey, the first of its kind, found that commuter satisfaction levels on most service aspects were above 70 percent, although lower for crowding in peak hours.

This year’s transport reliability report will be the last published by ITSRR. This function will be the responsibility of Transport NSW as of 1 July 2010.

ISO 9001 certification for ITSRR’s regulatory services

I am pleased to note that this year ITSRR achieved ISO 9001 quality management certification for its rail safety regulatory services, a considerable accomplishment that required significant effort by staff. Ultimately, this benefits operators in the application of consistent quality-based processes and ITSRR staff through process efficiencies and improvements.

The way forward

There are a number of unique challenges that ITSRR will need to deal with over the forthcoming year. These include the transfer of bus safety regulatory functions to the regulator and developments under the national rail safety regulatory system, which ITSRR will need to respond to while maintaining its strong focus on compliance and enforcement of NSW rail safety regulatory requirements. I look forward to the challenge and opportunities that this presents for ITSRR and its staff in their contribution to transport safety.
Thanks and acknowledgements

I would like to express my sincere gratitude to the dedicated efforts of all ITSRR staff during the year, particularly the Executive Management Team for their support and professionalism, as well as the Advisory Board for its wealth of expert advice and guidance.

In particular, I would like to highlight the significant contribution to ITSRR by two board members – Dr Rob Lee and Professor Jean Cross – who retired in June 2010. Rob’s contribution in promoting better understanding and practical application of system safety oversight, safety management system governance and human factors/performance issue management has been a significant part of establishing ITSRR as a mature proactive safety regulator. Similarly, Jean has added considerable value through her risk management expertise and support for developing ITSRR staff expertise of which 30 now hold post-graduate qualifications in transport safety from the University of NSW. Jean has provided a significant contribution in building the risk-based regulation culture in ITSRR.

ITSRR also farewelled Dr Natalie Pelham, one of its original executive leaders. Natalie was Executive Director Policy and Advice and has transferred to Transport NSW as Director, Transport Policy and Reform to continue her high-quality work in developing and managing transport policy. Natalie has been a key contributor to the development of national model rail safety legislation resulting in the NSW Rail Safety Act 2008 as well as the establishment of ITSRR’s internal policies essential for delivering against the legislation. She was a strong performer in the various national rail safety forums and was very effective in promotion of the NSW position in reforms. Natalie will be missed. However, I am confident that she will continue to apply herself as she has to date on enhancing transport safety within the national context.

And of course, I thank ITSRR staff. They continue to operate at high professional standards and work effectively in the midst of change. I look forward to working with them all in 2010-11 to continue ITSRR’s significant contribution to transport safety in NSW.

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

The Chief Executive is supported by the Executive Management Team (EMT), ITSRR’s senior management group comprising three executive directors and the Chief Executive as at 10 June 2010.

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

Len Neist (MSc, BE, MPD) was appointed as Chief Executive in May 2009. Prior to this, he was the Executive Director Rail Safety Regulation. Len has extensive experience in strategic risk management, safety systems engineering, safety management system maturity assessment and incident investigation. Before joining ITSRR, Len was a member of the Advisory Board and a principal consultant with Booz Allen Hamilton. Len is certified as a Master Project Director and an ICAM lead investigator.

Simon Foster (GradDipMgt, Land and Engineering Survey Drafting Certificate) was appointed as Executive Director Operations in May 2009. Prior to this, he held the role of Executive Director Service Reliability and has been part of the executive since 2004. Simon brings more than 29 years of technical and management experience in rail covering track, fleet, operations, stations and communications. Simon worked in the Office of Coordinator General of Rail as part of the team overseeing rail services for the Sydney 2000 Olympic Games and was awarded a Bicentennial Fellowship in Management in 1988.

Dr Natalie Pelham (BSc, MSocSc, PhD) was appointed as Executive Director Policy and Advice in May 2009. Prior to this, Natalie was the Executive Director Policy and Strategy and Deputy Executive Director Rail Safety Regulation and has been part of the executive since January 2004. Natalie has extensive experience in strategic management of safety regulation in particular operations, strategy and reform, which she has gained through senior positions in the NSW public sector over the past 15 years. In 2006, Natalie received her PhD in public health specialising in public policy (regulation) for workplace health and safety. On 10 June, Natalie transferred to Transport NSW as Director, Transport Policy and Reform.

Paul Harris (BCom, MPA) was appointed as Executive Director Corporate Services and Planning in November 2007 following his tenure as Director since 2004. Paul has extensive industry and public sector experience in corporate human resources and business services management roles. Paul has been responsible for implementing significant workplace reforms at State Rail, the Ministry of Transport and ITSRR.
During 2009-10, the Advisory Board continued to provide high-level advice to support ITSRR in forming regulatory responses to complex rail safety issues and matters concerning the reliability of publicly funded transport services. The board’s advice focused on areas of strategic transport safety, rail accreditation and compliance and service reliability. These matters were either raised by ITSRR or on the board’s initiative.

Throughout the year the board has been pleased to note the ongoing advances in the professionalism and responsiveness of ITSRR staff in providing leadership in safety management to industry.

While the board has observed the growing maturity and competence of safety management in the rail industry, it is evident from the safety data available that ongoing skill development and management focus is required to ensure safety standards are achieved and sustained. Safety management is still a work in progress in some sectors of the industry.

In particular, the board fully supports the current ITSRR program focusing on improving work site protection throughout the NSW rail network.

An ongoing area of significant focus during 2009-10 for the board was the proposed national rail safety regulatory framework. In supporting this initiative, the board has monitored the development of the proposal and worked closely with ITSRR seeking to ensure that the high legislated standards for rail safety in NSW are not diminished.

The board also continued its program of sharing members’ knowledge and expertise with ITSRR staff through workshops, including one on the risk analysis tool, termed “bow ties”.

Throughout the year, the board gave close focus and considerable discussion to its role and future in the context of ITSRR’s maturity as a rail safety regulator, the proposed establishment of a national rail safety regulator and the government’s longer-term plans for ITSRR’s expanded responsibilities under transport safety regulation. With this in mind, I believe it appropriate that the composition of the board change to both reflect ITSRR’s maturity and assist in the implementation of the broader focus required.

Changes to board composition have commenced with long-term members Dr Rob Lee and Professor Jean Cross completing their appointment as members at the end of June.

On behalf of the board and ITSRR, I express my deep appreciation to Rob and Jean for the contributions they have made as board members since their appointment in December 2003. Their expertise and preparedness to share this expertise, either at formal board meetings or in less formal contact with ITSRR staff, provided a foundation on which ITSRR was able to establish itself and develop as a safety regulator.

The past year has been an extremely busy and productive one for ITSRR and the board. I express gratitude to my colleagues on the board for their continued high levels of contribution and commitment during 2009-10.

Rob Schwarzer
BE(Civil), FIEAust
Chairperson
Role of the board

The principal functions of the Advisory Board are set out in the Transport Administration Act 1988. They include advising ITSRR and the Minister on transport safety and reliability issues relating to publicly funded transport services.

The board does not directly review or contribute to ITSRR’s management-related decisions.

Membership

The board comprises the Chief Executive and four external members appointed by the Minister. Members possess experience in one or more of the following:

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

More information on the meeting attendance, qualifications and experience of board members is in the appendix of this report (see page 111).
This report outlines ITSRR’s achievements on its Corporate Priorities 2009–10 and longer-term progress against its intended results. These results, referred to in the diagram below, reflect where and how ITSRR provides value to the NSW transport system, the government and ultimately the public.

ITSRR’s annual report focuses on outcomes at the intermediate level, for example, actions by ITSRR and compliance by operators on implementing rail safety legislation, as well as ITSRR’s provision of independent safety and reliability advice. Effort undertaken at this level contributes to achieving higher order results.

ITSRR’s annual rail industry safety report and transport reliability report measure the top layer of results and ITSRR’s vision – whether transport services in NSW are safe and reliable. These reports are published separately and are available on ITSRR’s website.

Performance context

| Safe and reliable rail, bus and ferry services in NSW | Governments, the community and transport operators make informed decisions on transport safety and reliability |
| Improved rail safety performance | Effective rail, bus and ferry regulatory frameworks |
| Improving safety risk profiles in rail transport | Improvements made by regulators to safety regulatory frameworks for rail, bus and ferry services |
| Effective rail, bus and ferry regulatory frameworks | Highly regarded and sought-after safety and reliability advice |

<table>
<thead>
<tr>
<th>Intermediate results</th>
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<tbody>
<tr>
<td>Organisations involved in railway operations have systems for effectively managing risks and for promoting improvement in safety culture</td>
</tr>
<tr>
<td>Rail transport operators take further actions to improve their safety management systems and culture</td>
</tr>
<tr>
<td>NSW rail safety regulation promotes quality safety outcomes and adopts agreed national requirements</td>
</tr>
<tr>
<td>Governments and the rail industry aware of emerging safety issues</td>
</tr>
<tr>
<td>Stakeholders provided with quality and timely reports on safety and reliability</td>
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</tbody>
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<table>
<thead>
<tr>
<th>Core programs</th>
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</thead>
<tbody>
<tr>
<td>Rail safety regulation</td>
</tr>
<tr>
<td>Transport safety and reliability advice</td>
</tr>
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<table>
<thead>
<tr>
<th>Enabling program</th>
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</thead>
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<tr>
<td>Corporate governance</td>
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</table>
Performance results

Industry performance

ITSRR’s safety regulatory activities are ultimately targeted at improving industry safety performance. Analysis of safety trends helps ITSRR identify areas of success and where there is further need for regulatory action. A summary of the rail industry’s safety performance that ITSRR aims to influence is outlined below. Full details are published separately in ITSRR’s Rail Industry Safety Report 2009-10.

ITSRR monitors the reliability of publicly funded transport and reports on this in its separate Transport Reliability Report 2009-10.

<table>
<thead>
<tr>
<th>Planned results</th>
<th>Results indicators</th>
<th>Desired trend</th>
<th>2005-06</th>
<th>2006-07</th>
<th>2007-08</th>
<th>2008-09</th>
<th>2009-10</th>
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<tbody>
<tr>
<td>Improved rail safety performance</td>
<td>Fatalities on the NSW rail network</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Passenger</td>
<td>Decrease</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>0</td>
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<tr>
<td>Per million passenger journeys</td>
<td>Decrease</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
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<tr>
<td>Rail employee</td>
<td>Decrease</td>
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<td>0</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td></td>
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<tr>
<td>Per million train kms</td>
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<td>0</td>
<td>0.03</td>
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<td>Incidents on the NSW rail network</td>
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<tr>
<td>Running line derailment</td>
<td>Decrease</td>
<td>44</td>
<td>39</td>
<td>38</td>
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<td>45</td>
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<tr>
<td>Per million train kms</td>
<td>Decrease</td>
<td>0.74</td>
<td>0.65</td>
<td>0.63</td>
<td>0.56</td>
<td>0.77</td>
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<td>Running line collision between trains</td>
<td>Decrease</td>
<td>4</td>
<td>8</td>
<td>7</td>
<td>9</td>
<td>6</td>
<td></td>
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<tr>
<td>Per million train kms</td>
<td>Decrease</td>
<td>0.07</td>
<td>0.13</td>
<td>0.12</td>
<td>0.15</td>
<td>0.10</td>
<td></td>
</tr>
<tr>
<td>Level crossing occurrences (road vehicle collision)</td>
<td>Decrease</td>
<td>10</td>
<td>8</td>
<td>6</td>
<td>8</td>
<td>8</td>
<td></td>
</tr>
</tbody>
</table>
ITSRR’s regulatory performance

ITSRR’s results for 2009-10 comprise its achievements against the corporate priorities (outlined below) and its key results indicators, which are based on its results logic framework (page 12).

<table>
<thead>
<tr>
<th>ITSRR corporate priority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rail safety regulation</td>
</tr>
<tr>
<td>Influence improvements in track worker safety</td>
</tr>
<tr>
<td>Capture value from regulatory intelligence to inform and guide ITSRR operations</td>
</tr>
<tr>
<td>Transport safety and reliability advice</td>
</tr>
<tr>
<td>Work with the rail industry to promote the integration of human factors processes into safety management system design and implementation</td>
</tr>
<tr>
<td>Advise the NSW Government on the performance of publicly funded transport using customer research and analysis of service performance</td>
</tr>
<tr>
<td>Work with the rail industry to promote better practice asset sustainability management and contractor safety risk</td>
</tr>
<tr>
<td>Advise the NSW Government on technology, rolling stock and infrastructure issues to inform investment decisions</td>
</tr>
<tr>
<td>Corporate governance</td>
</tr>
<tr>
<td>Improve understanding of and deliver on stakeholder needs</td>
</tr>
<tr>
<td>Develop staff through a competency-based learning and development framework</td>
</tr>
<tr>
<td>Continue to build ITSRR’s service delivery capacity through the quality management system</td>
</tr>
<tr>
<td>Improve understanding and accountability for results through ITSRR’s performance reporting system</td>
</tr>
</tbody>
</table>

Corporate priorities

Achievement of corporate priorities is measured through milestones and qualitative reviews. These achievements are summarised below and detailed in each corporate program chapter of this report.
**ITSRR’s key performance indicator results**

ITSRR actively reviews its regulatory performance using qualitative and quantitative information, including its key performance indicators (see below). ITSRR’s indicators measure achievement of medium- and long-term goals as defined in the results logic framework, which at the highest level reflects enhanced industry safety performance (see page 13).

There are some conceptual challenges for ITSRR in defining and measuring its performance. For instance, ITSRR’s advisory activities are not easily measured for effectiveness given the range of influences involved in transport-related decision making. Further, setting performance targets for ITSRR’s regulatory outcomes is not practical given the unpredictable nature of rail incidents and the need to be flexible in addressing emerging risks as they differ in nature and complexity.

**Results indicators**

Results indicators measure the outcomes of ITSRR and stakeholder actions to improve safety. They reflect improvements from compliance and safety culture perspectives.

<table>
<thead>
<tr>
<th>Result</th>
<th>Results indicators</th>
<th>05–06</th>
<th>06–07</th>
<th>07–08</th>
<th>08–09</th>
<th>09–10</th>
<th>Forecast 2010–11</th>
<th>More details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organisations involved in railway operations comply with rail safety regulation</td>
<td>No. of recommendations from independent investigations into rail accidents and % closed (cumulative)</td>
<td>n/a</td>
<td>168</td>
<td>200</td>
<td>238</td>
<td>292</td>
<td>74%</td>
<td>Page 36</td>
</tr>
<tr>
<td></td>
<td>No. and % of statutory notices requested for review by rail operators (improvement, prohibition)</td>
<td>8</td>
<td>2</td>
<td>4</td>
<td>0</td>
<td>1</td>
<td>3%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>10%</td>
<td>13%</td>
<td>17%</td>
<td>0%</td>
<td></td>
<td></td>
<td>Unable to forecast</td>
<td>Page 29</td>
</tr>
<tr>
<td>Rail transport operators take further actions to improve their safety management systems and culture</td>
<td>% of rail operator annual reports identifying safety improvement initiatives</td>
<td>n/a</td>
<td>n/a</td>
<td>78%</td>
<td>67%</td>
<td>52%</td>
<td>52%</td>
<td>Page 30</td>
</tr>
<tr>
<td>Government and organisations involved in railway operations are aware of emerging safety issues for improving systems and culture</td>
<td>% of executive safety seminar participants who agreed or strongly agreed that the seminar will help them better manage rail safety</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>70%</td>
<td>97%</td>
<td>97%</td>
<td>Page 42</td>
</tr>
</tbody>
</table>

Benchmarking with other NSW transport regulators for bus and ferry services is also not advisable given significant differences in the transport contexts as well as the regulatory approach. In future years, ITSRR anticipates it may be possible to benchmark with other state rail safety regulators once the national reform process is finalised.

ITSRR continues to review and improve its performance indicators to ensure they are appropriate for the nature of its operations and its broader operating context. The following reflects ITSRR’s key indicators.
Service indicators (operational measures)

Service indicators track service delivery. They measure the quantity and quality of ITSRR’s services to ensure a high-level of performance and efficient resource allocation. They also track the types of strategies implemented, which can be used to determine whether these are the best approaches to achieving ITSRR’s intended outcome.

During the year, as part of the review of key performance indicators, a new measure for safety advices was included. Baseline data is presented in this report.

<table>
<thead>
<tr>
<th>Service</th>
<th>Service measures</th>
<th>05–06</th>
<th>06–07</th>
<th>07–08</th>
<th>08–09</th>
<th>09–10</th>
<th>More details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rail safety regulation</strong></td>
<td>No. of compliance inspections and audits completed</td>
<td>n/a</td>
<td>n/a</td>
<td>135</td>
<td>339</td>
<td>408</td>
<td>Page 32</td>
</tr>
<tr>
<td></td>
<td>No. of improvement and prohibition notices issued</td>
<td>83</td>
<td>15</td>
<td>23</td>
<td>24</td>
<td>40</td>
<td>Page 24</td>
</tr>
<tr>
<td><strong>Transport safety and reliability advice</strong></td>
<td>No. of attendees at ITSRR’s external seminars and workshops</td>
<td>300</td>
<td>337</td>
<td>312</td>
<td>827</td>
<td>539</td>
<td>Page 41</td>
</tr>
<tr>
<td></td>
<td>No. of public reports published: safety reliability</td>
<td>9</td>
<td>6</td>
<td>5</td>
<td>10</td>
<td>9</td>
<td>Page 47</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5</td>
<td>2</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td></td>
<td>No. of policy advices issued: safety reliability</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>93</td>
<td>Page 48</td>
</tr>
<tr>
<td></td>
<td></td>
<td>15</td>
<td>24</td>
<td>24</td>
<td>8</td>
<td>19</td>
<td></td>
</tr>
<tr>
<td><strong>Corporate governance</strong></td>
<td>Staff stability rate</td>
<td>90%</td>
<td>89%</td>
<td>87%</td>
<td>96%</td>
<td>96%</td>
<td>Page 55</td>
</tr>
<tr>
<td></td>
<td>Average sick leave (hours)</td>
<td>47</td>
<td>41</td>
<td>48.3</td>
<td>33</td>
<td>40.6</td>
<td>Page 58</td>
</tr>
<tr>
<td></td>
<td>No. of injuries reported</td>
<td>8</td>
<td>9</td>
<td>8</td>
<td>5</td>
<td>2</td>
<td>Page 63</td>
</tr>
<tr>
<td></td>
<td>No. of claims</td>
<td>4</td>
<td>5</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total time lost (hours)</td>
<td>216</td>
<td>126</td>
<td>242</td>
<td>646</td>
<td>42</td>
<td></td>
</tr>
</tbody>
</table>
Organisational structure

Organisational structure (as at 30 June 2010)

At the end of June 2010, ITSRR’s safety policy and reliability reporting functions were transferred to NSW Transport and Infrastructure. These changes are reflected in the organisation chart on page 19.
Our forward operating context

During 2010, the Executive Management Team and senior managers reviewed ITSRR’s risk environment and the impact of key factors on ITSRR’s operational focus, including state and federal policy directions, rail industry safety performance and ITSRR’s workforce capabilities. This has provided the context for its forward corporate planning.

ITSRR recognises that given likely changes in its longer-term operating context, the best approach is to maintain flexibility within a shorter-term core activity plan. These factors continue to include the timing and nature of a proposed national rail safety regulatory framework as well as any budgetary changes and staff retention and recruitment within a tight labour market. ITSRR’s risk environment is scoped in more detail on page 2.

In light of this, ITSRR continues to adopt its approach to setting annual specific priorities while broadly scoping its longer-term directions.

Broader directions for 2010-13 include ensuring that:

› safety on public transport networks is monitored and enforced, including high quality risk-focused inspections and audits, public reports on safety and comprehensive investigations undertaken into safety
› compliance with the Rail Safety Act 2008 is facilitated across all industry segments
› accountability for developing a robust regulatory framework for bus safety is assumed by ITSRR
› a quality risk management approach is taken by ITSRR and industry to identify and address transport safety issues
› proactive advice is provided to the NSW Government and industry on emerging safety and asset sustainability issues
› better practice transport safety and asset sustainability practice in Australia and internationally are monitored and results circulated to industry and governments
› maximum value and efficiency of service delivery is achieved using the resources allocated
› staff are provided with challenging work while maintaining work-life balance.

Forward annual priorities

The following are ITSR’s Corporate Priorities 2010-11:

Corporate program: Transport safety regulation

› Maintain a focus on improving track worker safety
› Facilitate rail operators’ compliance with new rail safety worker safety competency requirements
› Support improved management of assets by rail operators

Corporate program: Transport safety promotion and advice

› Promote better practice for contractor safety management in the rail industry
› Promote technologies that address human error in railway operations

Corporate program: Corporate governance

› Enhance the breadth of learning and development for regulatory staff
› Support the delegation of bus safety regulation functions to ITSR
Organisational structure (as at July 2010)
PROGRAM 1:
Rail safety regulation

Highlights

› Greater strategic ability to target rail safety issues through inspection in addition to audit following the enactment of the Rail Safety Act 2008, with 382 inspections resulting in 140 statutory notices served on NSW rail operators (page 29)

› Conducted major compliance campaign on track worker safety resulting in 149 rail worksite inspections, 111 incident assessments, 4 investigations and 22 notices to produce information (page 22)

› Successful prosecution of an accredited rail transport operator for breaches of rail safety legislation in relation to the track worker fatalities that occurred at Singleton in July 2007 (page 31)

› Coordinated with agencies and rail transport operators to oversee the risk management process involving longwall mining operations under an operating main line, considered as a world first solution (page 26)

› Completed ITSRR’s three-year strategy to assist heritage operators understand their rail safety obligations with tailored hazard analysis workshops delivered for accredited heritage operators (page 25)

Program context

The rail safety regulation program fulfils ITSRR’s primary role as the NSW rail safety regulator. It includes compliance, enforcement and awareness activities to ensure the safety requirements for rail transport operations in NSW under the Rail Safety Act 2008 are attained. ITSRR enforces the Act in its capacity as an independent safety regulator.

This program provides an assurance to the government and people of NSW that compliance by industry with the Act is being monitored and enforced.

Rail safety regulation in Australia is based on a co-regulatory model. Under this model, the rail safety regulator does not approve or certify implementation of risk control or reduction. Rail infrastructure managers and rolling stock operators are responsible for assessing the risks associated with their railway operations and for establishing a safety management system to identify and control these risks.

In granting accreditation under the Act, the rail safety regulator is acknowledging that the operator has demonstrated it possesses the systems, capacity and competency to manage risk and assure safety. It is not a certification that the railway operator has controlled its risks to a level as low as is reasonably practicable. However, the regulator subsequently monitors the safety performance of rail transport operators.
the safety of their railway operations. ITSRR does this through a program of audit, compliance and enforcement activity of the rail industry exercising powers given to it under rail safety legislation.

The Act came into force on 1 January 2009, implementing national model legislation. During the year, ITSRR heightened enforcement of the Act following a year of transition.

Achievements 2009–10

<table>
<thead>
<tr>
<th>Corporate priority</th>
<th>Strategies</th>
<th>Performance</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Influence improvements in track worker safety</td>
<td>Increase compliance enforcement actions across NSW based on compliance strategy</td>
<td>Achieved</td>
<td>Page 22</td>
</tr>
<tr>
<td></td>
<td>Take relevant regulatory action on non-compliances</td>
<td>Achieved &amp; ongoing</td>
<td>Page 22</td>
</tr>
<tr>
<td>Capture value from regulatory intelligence to inform and guide ITSRR operations.</td>
<td>Conduct a needs analysis Collation of regulatory intelligence Incorporation into regulatory activities</td>
<td>Ongoing</td>
<td>n/a</td>
</tr>
</tbody>
</table>
Addressing priority operational safety issues

Each year ITSRR analyses incident data and other regulatory intelligence to determine its rail safety priorities while maintaining a capacity to identify and respond to emerging safety issues.

In the past, ITSRR’s rail safety regulation activity mostly involved a program of detailed audits. These focused on accredited railway operators’ safety management systems and compliance with the respective systems. ITSRR was required to undertake audits of passenger operators annually, and other operators at least once every three years. As a result, the audit program consumed a great deal of the available rail safety enforcement time.

The Act places a general duty on persons undertaking railway operations so that they ensure, so far as reasonably practicable, the safety of railway operations. Safety duties also apply to providers of rail infrastructure and rolling stock. This includes those who design, commission, manufacture, supply, install or erect rail infrastructure or rolling stock. A duty of care is imposed on workers carrying out rail safety work.

Under this duties approach, ITSRR is still empowered to undertake detailed safety management system audits of operators. However, ITSRR now has greater discretion to strategically allocate resources to address priority issues. ITSRR is also now empowered to take action where non-accredited persons are not doing all that is reasonably practicable to ensure the safety of railway operations.

This enables ITSRR to target specific operational safety issues where there is evidence of actual or potential adverse safety outcomes. Safety actions are scheduled and prioritised so that ITSRR resources are utilised strategically.

This shift in approach is reflected in the 2009-10 key performance indicators for the rail safety regulation program. There is a significant decrease in the number of audits conducted and a corresponding increase in the number of inspections conducted and notices issued. See pages 24 and 32 for these indicators.

Track worker safety

The safety of track workers was a major focus of ITSRR’s resources. ITSRR identified that the number of safety incidents involving work on track were continuing to increase.

Track work on the RailCorp and Australian Rail Track Corporation (ARTC) networks is carried out by their employees, contractors or a combination of the two. Contractors are often used to provide worksite protection as well as training and certification of rail safety worker competence. ITSRR set out to influence better safety outcomes through improvements by rail transport operators in the management of their employees and contractors.

Based on intensive scoping work, ITSRR targeted the areas of highest safety risk. ITSRR’s rail safety officers were deployed on a concerted operation of compliance inspections on track maintenance worksites across NSW. Sadly, while this compliance operation was underway, there were two fatalities in separate work-on-tracks incidents. This reinforced ITSRR’s determination for worksite protection to continue to be closely monitored. To date, ITSRR has focused on the railway firms responsible for managing worksite protection on respective networks controlled and managed by ARTC and RailCorp.

The campaign, which ran from April to June 2010, involved 149 rail worksite inspections and 111 incident assessments, resulting in 4 major investigations and the issuing of 22 notices to produce.
The campaign incorporated:

- **communications** - briefings were held with NSW rail infrastructure managers and relevant trade unions on the results of ITSRR’s analysis of worksite protection incidents and trends. They were also advised of ITSRR’s intended compliance strategy for track worker safety. These briefings received positive feedback from industry.

- **compliance activities** - ITSRR completed both unannounced and planned compliance inspections across the RailCorp and ARTC rail networks targeting routine maintenance and major works. Where necessary, ITSRR took action to address findings from these compliance inspections. The findings from these compliance inspections will also be used in targeting further activities in 2010-11. Actions taken ranged from addressing minor issues on-site, informing the relevant infrastructure manager of ITSRR’s findings so that the operator could investigate and rectify the issue through to ITSRR officers directing that all work stop until the issue was resolved.

- **risk assessment of network rules** - ITSRR commenced a risk analysis of the network rules. The purpose of the risk analysis is to identify if there are potential weaknesses embedded in this form of risk control. This work will be used to inform ITSRR’s worksite protection strategies for 2010-11.

- **competency management** - ITSRR identified issues through intelligence gathered during the track worker safety campaign concerning the relationship between registered training organisations and rail transport operators. This related to the management of competence of some rail safety worker categories, which will be addressed through the worker competence priority determined for 2010-11.

The safety of track workers will continue to be a corporate priority in 2010-11. ITSRR is planning further compliance activity and engagement with NSW rail infrastructure managers and registered training organisations.

**Case study**

**Management of mud holes on the Macarthur–Albury rail corridor**

The condition of the main southern rail line between Macarthur and Albury was the subject of close attention by ITSRR during 2009-10 given the proliferation of ‘mud holes’.

The presence of mud holes can impact on the track, such as retaining its required position and reduce the ability to perform effective maintenance. Over time, this often leads to a deterioration of track quality requiring the implementation of speed restrictions.

ARTC has been installing concrete sleepers between Macarthur and Melbourne as part of its north-south investment strategy. Concrete sleepers have the advantage over timber or steel sleepers of enabling higher axle loads, faster train speeds and longer life. However, the side-insertion method used to install these has increased the number of mud holes. The main southern line is the first corridor in NSW to be extensively re-sleepered with concrete using this method.

As a result, ITSRR has been reviewing ARTC’s risk-based approach for managing mud holes and its progress towards developing effective procedures, standards and rectification programs and has issued an improvement notice to address these issues. ITSRR has been closely monitoring ARTC’s actions to comply with that notice.

As a result of some of the issues seen between Macarthur and Albury, ITSRR increased its attention to other concrete re-sleepering projects such as Parkes to Stockinbingal, and Parkes to Broken Hill.

Effective management of mud holes remains a priority and ITSRR will continue to engage ARTC on this issue throughout 2010-11.
Compliance with infrastructure and rolling stock standards

Infrastructure and rolling stock standards provide a level of engineering assurance that risks relative to the safe use of the asset are appropriately controlled. If not adequately controlled, these risks could lead to derailments or collisions involving trains, road vehicles or track workers.

During the year, ITSRR conducted inspections of infrastructure, rolling stock and railway structures. Among the major inspections were assessments of major projects such as the new commuter carriages for RailCorp, construction of the southern Sydney freight line by ARTC, the installation of concrete sleepers by ARTC between Macarthur and Albury on the main southern line, as well as between Parkes and Stockinbingal.

In rail operations and maintenance, compliance with the prevailing engineering standards is mandatory.

ITSRR focused on:

- whether the current or proposed engineering standards, provide the necessary safety assurance for the design, commissioning and operation of rolling stock or infrastructure
- assurance that any changes to standards comply with the Act, with a focus on the engineering research underpinning the redesign or re-engineering of standards applicable to infrastructure or rolling stock
- evidence that rolling stock and infrastructure comply with applicable standards.

The aim of these activities was to establish to ITSRR’s satisfaction that the engineering standard, whether current or redesigned, provided the necessary margin of safety during the lifecycle of the asset.

ITSRR also continues to monitor the application of track infrastructure standards across NSW through:

- assessments of track stability and geometry reports
- installation standards for steel, timber and concrete sleepers
- monitoring of the ultrasonic testing of the rail to determine whether the standards and maintenance practices that prevent broken rails or misalignments are being implemented and to what effect.

During the year, ITSRR did find cause to intervene with enforcement action when the risk to safety was evident. Issues that required action included, among other things, the management of design institutions that provided product to operators, proposed changes to engineering standards, introduction of codes of practice, and design and maintenance of safety critical systems on rolling stock.
ITSRR also issued five rail industry safety notices to industry to highlight significant issues concerning the safety of railway operations relative to railway infrastructure and rolling stock. The notices are issued as needed to inform accredited rail transport operators and the broader rail industry of current and emerging safety issues that have been identified in NSW, Australia or overseas.

**Rail heritage operators**

Heritage railway operations make an important contribution to the community and the cultural heritage of NSW. They are run on a not-for-profit basis, predominantly by volunteers. As such, they face particular challenges in improving their risk management practices and operational safety.

ITSRR has invested significant time and staffing resources over the past two years in assisting heritage rail operators in meeting their obligations under the Act.

In the interest of profiling the heritage sector, ITSRR’s Chief Executive and Executive Director Operations engaged in hazard workshops during the year with the majority (83%) of heritage operators. The workshops were designed to lead the management team of each heritage rail operator through a process to identify the mechanisms that allow hazards to impact on the safety of their respective railway operations. The workshops were conducted at each operator’s home base and addressed issues specific to their operation.

Ongoing liaison between heritage operators and ITSRR has continued following the delivery of these workshops. Feedback from operators has been positive, with one commenting that: “The input from ITSRR was valued and the hazard analysis workshop proved invaluable to us in focusing on our operational risks.”

ITSRR has now established a level of confidence that, in most cases, there is evidence that safety risks are being suitably managed for the scope and nature of heritage rail operations. This confidence in the heritage sector will allow ITSRR to spend more time focusing on commercial rail operations where rail safety risk concentrations are higher. ITSRR will continue to inspect heritage rail operations. Any anomalies detected during these inspections will be subjected to appropriate compliance and enforcement activities.
Case study

Longwall mining under rail corridor in Tahmoor

During the year, ITSRR contributed to the safe operation for the first instance of longwall mining under an operating main line railway in NSW at Tahmoor in the Southern Highlands. Longwall mining of coal involves removing a seam of coal in a single continual mining operation. The coal seam removed is typically about two metres thick, about 300 metres wide and may be several kilometres long.

ITSRR received a notification of change from ARTC with regard to the proposed management plan to allow for the continuing safety of railway operations above while the longwall mining and the consequent surface subsidence was being undertaken by Tahmoor mine below.

Working with NSW Industry and Investment (NSW I&I, formerly the Department of Primary Industries), ITSRR reviewed safety measures proposed by the mine, its consultants and ARTC. This was to be confident that rail safety risks were being appropriately addressed in this relatively new situation. This has proven successful, with no unplanned rail safety-related intervention required for the period of mining.

The railway and mine operators management plan for the surface subsidence was also reviewed in conjunction with NSW I&I. The plan included the need for:

› extensive track monitoring
› the installation of track switches (to relieve rail stresses from ground subsidence) and remote measurement equipment in the track within the subsidence areas
› a management team of experts and track assessment and repair resources to be on 24-hour call to respond to any incidents
› regular reporting to NSW I&I and ITSRR.

As this was the first of this type of mining operation being undertaken below an operating NSW main line railway, ITSRR recommended that the parties involved consider an appropriate temporary speed restriction in the affected area. This was agreed to by the operator and implemented.

In its submission to the Institute of Engineers Excellence Awards 2010, Xstrata noted:

“The solution that has been developed to manage the impact of longwall mining under operating railways whilst maintaining unrestricted rail operations is a world first.”

Compliance with the subsidence management plan requirements is part of the approval conditions for the mining operations. Performance against these plans is reviewed principally by NSW I&I as well as ITSRR and other associated stakeholders.

The same rail operator now has an additional longwall mine operating under a similar management plan at Appin with some further refinements, demonstrating the success of the initial controls instigated for the Tahmoor mine and setting the precedent for future such situations.

ITSRR will continue to work alongside operators and agencies to closely monitor such operations.

Extensive track monitoring was included in the longwall mine’s management plan to ensure the ongoing safety of the operating main line railway during mining operations.
Implementing NSW rail safety legislation

Regulatory approach to compliance and enforcement

ITSRR’s role is to administer rail safety legislation and ensure duty holders comply with their legislated obligations.

Compliance and enforcement activities include education and awareness programs, audits, inspections and investigations.

A rail transport operator’s safety management system is a key mechanism used by ITSRR to determine the operator’s level of competence to effectively manage risk to railway operations.

Requirements are specified in rail safety legislation. ITSRR focuses on these requirements in its compliance and enforcement program.

As the regulatory pyramid below illustrates, there is a suite of tools available to ITSRR to facilitate duty holder compliance with rail safety legislation. ITSRR works cooperatively with rail transport operators through education and awareness, audit and inspection programs to ensure they understand and comply with safety requirements. More details on education and awareness activities are outlined in the transport safety and reliability advice chapter of this report.

Regulatory pyramid

- Education and awareness
- Non-conformances
- Statutory notices or conditions of accreditation
- Penalty notices
- Prosecution or voluntary enforceable undertakings
- Cancel, suspend or withdraw accreditation

ITSRR may use more directive powers such as issuing improvement notices to ensure compliance with the law combined with effective risk management by rail operators. Where there is a clear lack of cooperation or serious safety breaches by a duty holder, ITSRR gives consideration to issuing a penalty notice or prosecution.

Ultimately, if a rail transport operator no longer has the competence and capacity to manage the risks associated with its railway operations, ITSRR may restrict, suspend or cancel the operator’s accreditation.

Transition to the Rail Safety Act 2008

The Act and associated regulations commenced on 1 January 2009. It replaced the Rail Safety Act 2002 and implements the national model for rail safety legislation in NSW.

ITSRR administers the Act in accordance with the national guideline on compliance and enforcement for rail safety, prepared by the Rail Safety Regulators’ Panel and endorsed by the National Transport Commission, which outlines how rail safety regulators may use the compliance and enforcement powers under the national model rail safety legislation. ITSRR ensures that its discretionary powers are exercised in a professional, open and transparent way in accordance with ITSRR values and good administrative practice and principles. The Act provides duty holders with rights of review of ITSRR’s regulatory decisions (see performance indicator on page 29).

A key change under the new legislation is the application of general duties, which places an obligation (a duty) on rail transport operators, contractors, designers, commissioning installers and suppliers as well as rail safety workers to ensure the safety, so far as is reasonably practicable, of their railway operations. General duties are complemented by an accreditation regime for rail transport operators. Operators must demonstrate the competence and capacity necessary to manage risks to safety associated with the railway operations for which accreditation is held, or sought.

Several transitional arrangements came into effect in January 2010, such as the new safety management system requirements, and some will take effect in January 2011, such as the rail safety worker competency requirements. ITSRR has progressively monitored operators’ implementation of these during the year, including the re-authorisation of their rail safety workers and industry drug and alcohol testing officers.
Another ongoing transitional issue is operator provision of safety performance reports, which has new requirements under the new Act. The new requirements include setting a uniform due date for operator reports rather than requiring submission of the report at the time of the operator's anniversary date of accreditation. Full transition to compliance with these new requirements for safety performance reports has been dependent on other issues such as:

- operators' compliance with revised safety management system requirements for reporting
- the ability for operators who have railway operations in more than one legal jurisdiction to submit one consistent report to the various rail safety regulators
- establishing an agreement with operators on the reporting period covered by the report and date when the report is to be submitted to ITSRR.

More work is required for ITSRR and the rail industry to improve processes for review of rail safety management systems. The same applies to analysis and reporting in relation to safety performance so that these processes result in the best possible improvement in safety management and performance. This work will continue during 2010-11.

The Act also includes new provisions relating to the management of private sidings. Private sidings are defined under the legislation as sidings managed by a person or organisation other than the authorised rail infrastructure manager who controls the rail infrastructure that the siding connects with, or has access to.

During 2009-10, ITSRR prepared for the transition to the new private sidings requirements by preparing the relevant policies, e-forms and procedures. In addition, ITSRR worked with operators to ensure they are aware of what will be required when the requirements take effect in January 2011. ITSRR also held safety seminars for industry to raise issues in relation to the transition, see page 47 for more detail.

Two further transitional issues remain before all the requirements of the Act take effect:

- new requirements regarding the management of rail safety worker competence. ITSRR recognises the significance of this issue and has made it a corporate priority for 2010-11. The focus will be on assisting operators to understand what is required of them. It will include actions for the development of detailed strategies for ITSRR to identify how to support industry in the required transition.
- new requirements for rail infrastructure managers to enter into interface agreements with road authorities regarding risks associated with rail crossings that cross public roads. This requirement comes into effect in January 2012. Detailed planning for the introduction of mandatory requirements applying to road/rail interfaces is due to commence in September 2010.

Accreditation

The Act requires rail transport operators to be either accredited, or assessed by ITSRR as exempt from accreditation. Rail transport operators are defined as those organisations with effective management and control of rail infrastructure and/or rolling stock operations.

The introduction of the Act meant that some operators no longer required accreditation and some exemptions from accreditation were no longer applicable. ITSRR has therefore revised the operating permissions granted through accreditation to rail transport operators, maintainers and constructors under previous rail safety legislation. All exemptions granted to operators under previous rail safety legislation (that is, the 1993 and 2002 Acts) were reviewed during 2009-10.

As at 30 June 2010, ITSRR had reviewed approximately 90% of operators' accreditations. New notices of accreditation had been issued where appropriate. The 2008 legislation allows time for ITSRR to complete the process of revising and updating these accreditation notices.

The issues that arose during this process and required resolution primarily concerned:

- determining if an operator who previously conducted infrastructure maintenance activities was now required to be accredited but only as a rolling stock operator
- determining whether sidings were deemed to be private sidings and therefore exempt from accreditation.
Audit and inspection program

The Act no longer requires ITSRR to conduct an annual audit of those rail transport operators conducting passenger services. This change freed up resources to apply a proactive, risk-based approach to all people conducting railway operations, including infrastructure owners and maintainers. ITSRR heightened its focus on inspections while reducing its focus on formal audits. This enabled greater flexibility to maintain a higher field presence and provided the opportunity for the conduct of targeted programs of inspections.

During the year, ITSRR moved to a stronger approach with compliance and enforcement of the Act now that its educative and implementation phase is nearing completion. Rail transport operators have now had up to six years to achieve an appropriate level of maturity in their safety management systems to comply with projected new legislative requirements. ITSRR now considers it appropriate that a stricter compliance approach be pursued to ensure that these requirements are being implemented. This has led to ITSRR increasing the number of statutory notices served on rail operators.

The change in approach from predominantly audit to compliance inspection resulted in ITSRR issuing 140 statutory notices on the rail industry in NSW during the year. The majority (100) were notices to produce information or documents. In addition, 37 improvement notices were issued to bring about improvements in the safe operations of railways. Improvement notices issued to rail transport operators increased by almost 100% in the past year (19 in 2008-09 to 37 in 2009-10). Statutory notices requiring a person to produce documents, give information or appear before a rail safety officer have more than tripled this year (32 in 2008-09 to 100 in 2009-10).

In May 2009, ITSRR advised the rail industry using an information alert that from 1 July 2009 it would commenc e issuing penalty notices in accordance with its policy for breaches of rail safety legislation. To date, ITSRR has issued seven penalty notices to individuals. The notices to individuals were for failing to take care of their own safety or the safety of others.

In general, ITSRR expects its current approach to the use of statutory notices to continue. The increase or reduction of the number of notices issued by ITSRR in the future will be influenced by the compliance of the rail industry to legislative requirements.
Drug and alcohol testing of industry employees

Rail transport operators have the primary responsibility for conducting drug and alcohol testing of employees undertaking rail safety work in NSW. ITSRR conducts some random testing to supplement industry activity and support smaller operators, such as heritage operators, to implement their drug and alcohol management programs.

The results of drug and alcohol testing are outlined in the key performance indicator on page 35. Where employees self-identify or report on drug and alcohol issues to their employer prior to commencing rail safety work, they are supported through their employer’s drug and alcohol management program. However, where positive results were found for employees performing rail safety work, ITSRR initiated prosecution action. The courts have imposed fines on rail safety workers found guilty of offences under the Act.

More information on industry’s testing program is available in the Rail Industry Safety Report 2009-10.

Compliance investigation of rail safety breaches

ITSRR is empowered under rail safety legislation to respond to rail emergencies, incidents and accidents that impact on public safety and potentially breach rail safety legislation.

ITSRR may decide to conduct a compliance investigation following a rail emergency, incident or accident to identify significant risks to safety in transport operations but also seeks to identify if there have been any breaches of obligations under rail safety legislation. A number of factors are considered such as the severity of the potential breach, the public interest and whether it is an effective use of ITSRR resources. If breaches are suspected, ITSRR then conducts a comprehensive compliance investigation.

The Office of Transport Safety Investigations and the Australian Transport Safety Bureau also undertake investigations of rail safety incidents or accidents to determine, using a just culture approach, root causes and systemic failures. However, these investigations do not consider breaches of legislation.

Compliance investigations into potential breaches by rail transport operators are becoming increasingly complex as contractual and employment relationships are also becoming more complex. At an incident site, there may be multiple duty-holders. Their specific accountabilities and levels of control in relation to the railway operations being undertaken must be clarified, and the level of their compliance or non-compliance determined.

During 2009-10, ITSRR’s investigations staff focused on the corporate priority to address worksite incidents. Of the 42 compliance investigations commenced during the year, 16 were in relation to worksite protection incidents.

It is with considerable sadness that ITSRR commenced two major investigations during the year involving track work fatalities.

On 13 April 2010, a rail maintenance worker was fatally injured when struck by a passenger train at Kogarah in Sydney’s southern suburbs. The workers were carrying out work using a method of protection called controlled signal blocking (CSB). ITSRR issued a notice to industry to emphasise certain requirements in relation to CSB. ITSRR’s investigation is continuing.
On 5 May 2010, a rail maintenance worker was fatally injured when his excavator was struck by a passenger train near Newbridge, west of Bathurst. The workers were carrying out work using a method of worksite protection called track occupancy authority (TOA). ITSRR issued a notice to industry emphasising certain requirements relating to TOAs. ITSRR’s investigation is continuing.

Also under investigation is the collision of two monorail trains in Sydney on 27 February 2010. Four passengers received minor injuries. ITSRR is investigating, amongst a range of issues, why the automatic train protection system employed in the monorail did not prevent the collision.

These incidents heighten ITSRR’s resolve and determination to ensure operators are aware and comply with safe working rules.

Prosecutions for rail safety offences

Prosecution under the Act is one of several enforcement options available. ITSRR may decide to pursue prosecution action if it is in the public interest to do so and where there are reasonable prospects for success.

ITSRR’s prosecution of an accredited rail transport operator is the first prosecution of a network owner by a rail safety regulator for breaches of rail safety legislation in Australia.

On 20 May 2010, the operator pleaded guilty in the Supreme Court of NSW to breaches of the Rail Safety Act 2002 given the Court finding that it had placed rail safety workers at risk of being struck by a train. These breaches were identified by ITSRR in the course of its investigations into the deaths of two rail safety workers at Singleton on 16 July 2007. The matter was listed for sentencing in July 2010.

During this year, ITSRR prosecuted 12 rail safety workers for drug and alcohol offences. Each of the prosecutions resulted in the court imposing a fine, with fines awarded during 2009-10 totalling $5,750 excluding court and professional costs. Breaches of the rail safety drug and alcohol regulations may not only lead to a fine but also to imprisonment.

These prosecutions included:
› eight for failure to provide own sample of urine for testing
› three for exceeding blood alcohol limits
› one for being under the influence of drugs.

Any further action against guilty individuals is a matter for their respective employers.

Working with operators on major projects

ITSRR continued its role to facilitate its regulatory oversight of accredited and non-accredited rail operators intending to initiate and implement major change projects. These projects may involve significant technology, process, material, organisational or procedural change that may result in varying an existing rail operator’s accreditation or a new accreditation. During 2009-10, ITSRR focused on the following major projects:

Sydney Metro

In early 2009, the NSW Government established the Sydney Metro Authority to plan, design, build and manage the long-term private operator of a new metro rail network for Sydney. The proposal for the Sydney Metro project comprised seven kilometres of underground railway infrastructure with six stations from Central to Rozelle.

A change in government policy resulted in the Sydney Metro project not proceeding. Preceding that decision, ITSRR engaged extensively with the Sydney Metro Authority in determining who should be accredited under the Act. This project involved particularly complex contracting and operational arrangements. These centred on the engagement of a contractor for the construction of civil works. They also involved the engagement of a contractor for the completion of the working railway and its subsequent operations.

ITSRR met with and provided advice to the Sydney Metro Authority and firms and consortia tendering for the construction and operation contracts regarding accreditation and regulatory requirements under the Act.

There was no precedent for applying the Act against the contracting arrangement proposed by Sydney Metro Authority. The complex nature of the proposed contracting arrangements meant that substantial resources within ITSRR were applied to this project. As a result, ITSRR is now well equipped to apply the Act to projects of a similarly complex contractual nature.
ARTC – National train communications system project

The current primary train communications systems for the NSW rail network are based on analogue technology. These systems are soon to be replaced by digital technology. Both RailCorp and ARTC are implementing different, but compatible and interoperable digital communications systems that meet the requirements of Waterfall recommendation 38.

During the year, ARTC applied to ITSRR to have the scope of its permitted operations varied in NSW to enable the transition from the analogue CountryNet train radio system to the digital ARTC national train communications system (NTCS). The NTCS in-cab equipment (ICE) unit will replace the CountryNet radio for driver-controller communications on the ARTC, Rail Infrastructure Corporation and RailCorp networks.

Key stages of the project involve:
- stage one – testing of the ICE unit on rail lines controlled by the Broadmeadow train control centre
- stage two – testing of the ICE unit on rail lines controlled by the Junee train control centre
- stage three – testing of the ICE unit on rail lines controlled by the RailCorp rail management centre
- stage four – decommissioning of the CountryNet radio.

In granting the variation to ARTC’s accreditation for the NTCS project, ITSRR adopted a staged approach by imposing special conditions through safety milestones, which align to key stages of the project. Progression to the next stage of the variation must not proceed until demonstration to ITSRR that the previous stage has been successfully completed.

Since the inception of the NTCS project, ARTC has actively engaged with ITSRR and provided regular briefings on the progress of this project. In addition to reviewing ARTC’s application for variation, ITSRR also conducted a field inspection of the ICE unit at ARTC’s Broadmeadow train control centre.

As at 30 June 2010, ARTC successfully provided documentation to demonstrate that the requirements of the stage one safety milestones had been satisfied. ARTC has also completed and submitted documentation for the stage two safety milestones, which ITSRR is assessing. The NTCS project is expected to be completed by the end of 2012.

Service measure

Compliance inspections and audits completed

Result:

<table>
<thead>
<tr>
<th>Year</th>
<th>Compliance inspections</th>
<th>Audits</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-08</td>
<td>107</td>
<td>28</td>
</tr>
<tr>
<td>2008-09</td>
<td>321</td>
<td>18</td>
</tr>
<tr>
<td>2009-10</td>
<td>382</td>
<td>26</td>
</tr>
</tbody>
</table>

Comment/analysis:

ITSRR previously reported on audits and inspections commenced. However, following the revision of definitions for ITSRR’s key performance indicators and consolidation of trend data from 2007-08 onwards, the number of audits and inspection activities completed is now included. Corporate focus on track worker safety and operator compliance with infrastructure standards increased the number of inspections. Audits have reduced due to ITSRR no longer being required to audit every passenger train operator annually and freight operator tri-annually given changes to the Rail Safety Act 2008.

Forecast:

ITSRR expects the ratio between audit and inspections evident in 2009-10 to continue.
Southern Sydney freight line

The southern Sydney freight line (SSFL) comprises 36 kilometres of dedicated freight line that will link the ARTC network at Macarthur to the metropolitan goods lines at Sefton and through to Port Botany. It is expected that the SSFL, being a dedicated freight line, will alleviate a bottleneck in southern Sydney where freight trains share existing rail lines with metropolitan passenger services. Due to passenger priority, the operation of freight services is severely limited during the morning and afternoon peak periods.

In 2009-10, ITSRR continued to verify the implementation of the safety milestones attached to ARTC’s notice of accreditation for the design, construction, commissioning and operation of the SSFL. The safety milestones are linked to each of the three major stages of the project, namely, the concept design; detail design and construction; and the commissioning and preparation.

ITSRR’s inspection determined that ARTC had made substantial progress towards the implementation of the safety milestones for the detail design and construction stage and that areas identified by ITSRR for improvement have since been implemented.

RailCorp public-private partnership project to commission Waratah carriages

As reported in 2008-09, ITSRR continues to monitor RailCorp’s project to replace approximately 500 ageing train carriages with 626 new carriages (called Waratah carriages). The project uses a public-private partnership (PPP) model where one entity (Reliance Rail) owns the rolling stock and is responsible for the supply and ongoing maintenance of the carriages over a 35-year life cycle. RailCorp will simply be the operator of the new trains. The PPP project includes the design, manufacture, delivery, and through-life support of the Waratah trains, train simulators and a new maintenance facility works at Auburn. Consequently, this project will create significant changes to maintenance responsibilities with allocation of this task for approximately 50% of the RailCorp suburban electric fleet. RailCorp, as the operator of the new trains will, at all times, retain the safety accountability for the implementation and operation of the trains on the network.

There are now a number of carriage sets nearing completion, with testing and commissioning activities scheduled for later in 2010. ITSRR continues to monitor progress on safety issues, including review of safety assurance reports provided by RailCorp and monthly meetings with RailCorp.
Monitoring the implementation of independent investigation recommendations

ITSRR maintains the important role of following up with nominated parties on recommendations made from independent investigation inquiries and reports. This function was initiated after being highlighted in the Final Report of the Special Commission of Inquiry into the Waterfall Rail Accident. It noted that previous investigation reports had not been monitored and enforced, which contributed to the Waterfall accident.

ITSRR’s primary focus is to satisfy itself that the party nominated to implement the recommendation has properly considered it and made an active decision to accept, reject or modify the recommendation. For those recommendations that are accepted, ITSRR monitors the actions taken to ensure the intent of the recommendation is realised. For those rejected, ITSRR seeks justification from the party that the risk controls currently in place are sufficient to warrant their claim that no further action is required. For those that are modified, ITSRR seeks justification that the modification is appropriate.

Implementation of Waterfall inquiry recommendations

The Final Report of the Special Commission of Inquiry into the Waterfall Rail Accident was released on 17 January 2005. The report made 127 recommendations involving 177 specific safety or regulatory actions.

Since its inception, ITSRR has been monitoring the implementation of the Waterfall inquiry recommendations and reporting quarterly to parliament on progress. This continued during 2009-10. All reports are available on ITSRR’s website.

During the year, ITSRR closed out one recommendation that required the implementation of standardised communications terminology, protocols and procedures mandated through regulations (recommendation 43). While the Rail Industry Safety and Standards Board (RISSB), an industry body, is continuing to develop a national rule book that will include mandatory communications protocols, standardised communications terminology, protocols and procedures are already in place in NSW through the network rules (RailCorp and ARTC network rules).

The Rail Safety (General) Regulation 2008 includes provisions that require rail infrastructure owners in NSW to consult prior to any amendment to the network rules. This ensures any changes to the network rules, including communications terminology, protocols and procedures apply consistently throughout NSW, thereby reducing risks arising from misunderstandings during safety critical communication. To ensure compliance with these rules, ITSRR targets this issue in its audit and inspection program.

As at 30 June 2010, the number of recommendations verified and closed was 173, which was 98% of the total 177 (including 127 recommendations and 50 sub-elements). This is further categorised as follows:

- 151 recommendations are closed and verified as fully implemented
- 16 recommendations are closed subject to the implementation of an approved program or plan
- 1 recommendation is closed as it is no longer applicable
- 5 recommendations were rejected by the Government and were closed-rejected
- 4 recommendations remain open.

The classification ‘closed subject to the implementation of an approved program or plan’ is used for those recommendations where the implementation may occur over a prolonged period of time and/or capital expenditure is involved.
ITSRR agrees to the closure of these recommendations, if the chief executive of the organisation has approved the program or plan and ITSRR is of the view that it meets the government’s response to the recommendation. ITSRR continues to monitor these recommendations as part of its ongoing regulatory activities to ensure that the government’s response is fully implemented.

Long-term work programs are required to implement the remaining four recommendations as follows:

› Introduction of automatic train protection
   This recommendation requires RailCorp to conduct a detailed analysis of options for improved ATP systems for the NSW network to determine if the recommendation is feasible and how it could be implemented. ATP systems provide automatic enforcement (slowing/braking) of authority (speed/location) if a train is behaving in an unauthorised way.

Cabinet has given in-principle funding approval for RailCorp to introduce an ATP program. Preparation of a full business case for the first stage of the rollout of the program for the outer metropolitan network is underway. The next key milestone for this project is the NSW Treasury Gateway Review of this business case which is to be completed by 31 July 2010 (recommendation 32).

› Standards for the collection and use of data from data loggers (two recommendations)
   Data loggers record information on a train’s operations including speed during a journey, monitor safety performance and provide information that can assist in the investigation of accidents and incidents. These recommendations require mandating the use of data loggers and data collection.

The National Transport Commission (NTC) had previously advised that it would incorporate the development of national regulations for data loggers into its maintenance and reform program. However, following the Council of Australian Government’s decision to establish a national rail safety regulator, the NTC delayed the development of national regulations for data loggers until the development of national regulations to be administered by the national regulator.

Service measure

Drug and alcohol tests conducted and % testing positive

Result:

Testing by ITSRR

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
<th>Drug tests</th>
<th>% positive</th>
<th>Alcohol tests</th>
<th>% positive</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006-07</td>
<td>133</td>
<td>13</td>
<td></td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>2007-08</td>
<td>25</td>
<td>1</td>
<td></td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>2008-09</td>
<td>151</td>
<td>160</td>
<td></td>
<td>160</td>
<td></td>
</tr>
<tr>
<td>2009-10</td>
<td>95</td>
<td>95</td>
<td></td>
<td>95</td>
<td></td>
</tr>
</tbody>
</table>

Testing by rail transport operators

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
<th>Drug tests</th>
<th>% positive</th>
<th>Alcohol tests</th>
<th>% positive</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006-07</td>
<td>6,679</td>
<td>14</td>
<td></td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>2007-08</td>
<td>10,153</td>
<td>1.5</td>
<td></td>
<td>1.5</td>
<td></td>
</tr>
<tr>
<td>2008-09</td>
<td>10,943</td>
<td>1.0</td>
<td></td>
<td>1.0</td>
<td></td>
</tr>
<tr>
<td>2009-10</td>
<td>63,389</td>
<td>0.1</td>
<td></td>
<td>0.1</td>
<td></td>
</tr>
</tbody>
</table>

Comment / analysis:

Positive results remained low, with a decrease in positive drug test results. Small sample sizes can impact ITSRR’s testing results. Trend data for operators may alter given lag data. ITSRR successfully prosecuted rail safety workers for drug and alcohol-related offences during the year.

Forecast:

The proportion of positive test results is expected to remain low. ITSRR will continue to undertake its testing program and pursue prosecutions in line with its prosecution policy.
Service measure

Recommendations from independent investigation rail accident reports implemented

Result:

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Recommendations</th>
<th>% of Recommendations Implemented</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006-07</td>
<td>168</td>
<td>56%</td>
</tr>
<tr>
<td>2007-08</td>
<td>200</td>
<td>79%</td>
</tr>
<tr>
<td>2008-09</td>
<td>238</td>
<td>79%</td>
</tr>
<tr>
<td>2009-10</td>
<td>292</td>
<td>74%</td>
</tr>
</tbody>
</table>

Comment/analysis:
The majority of recommendations are from OTSI and ATSB reports. The implementation rate remained consistent and high despite six new reports published during the year. Open recommendations include those requiring longer-term actions before closure.

Forecast:
Difficult to predict closure rate trend given the unknown quantity and timing of new reports each year and varying levels of stakeholder effort required for implementation.

Given that implementation of the national rail safety regulator proposal is not expected until some time in 2012, ITSRR considered it necessary to take unilateral action to implement these recommendations in NSW. Accordingly, ITSRR has obtained the agreement of the NSW Minister for Transport for the development of a compliance code on data loggers under the auspices of the Act. This will cover the collection, access and use of data from data loggers for the purposes of accident and incident investigations, to monitor train safety performance. The interim target date for the code is 31 October 2010 (recommendations 36 and 37).

Compatibility of communications systems

This recommendation requires the compatibility of communications systems throughout the rail network and seeks to ensure that all train drivers, controllers, signalers, guards and supervisors of trackside work gangs are able to communicate using the same technology.

Achievement of these requirements calls for RailCorp and ARTC to implement digital train radio systems that are compatible and interoperable, and the development of a national communications standard by RISSB. The target date for the full implementation of RailCorp’s and ARTC’s new digital train radio systems and the development of a national communications standard is 31 December 2012.

It should be noted that trains can already communicate with other trains operating on the NSW rail network through network control in an emergency situation. The existing communications system enables network control to send an emergency broadcast call to all passenger and freight trains in the immediate vicinity of the emergency. Train drivers cannot communicate directly to other train drivers without the call going through network control which is in line with national rail safety principles (recommendation 38).
Implementation of other independent investigation reports

During 2009-10, ITSRR reviewed and monitored the implementation of recommendations from 17 new or open independent investigation reports.

Independent investigations into rail incidents are conducted by Office of Transport Safety Investigations (OTSI), Australian Transport Safety Bureau (ATSB) and the NSW Coroner. ITSRR’s monitoring function provides an assurance that issues raised by the various investigating agencies are being addressed by operators. For more details see the performance indicators on page 44.

As a result of activities of rail transport operators and ITSRR, recommendations from 13 of the 24 published OTSI rail investigations reports, all 12 ATSB reports relevant to rail incidents in NSW and 1 of 2 applicable coronial matters have been finalised.

More information on these reports and progress in relation to the recommendations made is provided in quarterly reports, which are available on the ITSRR website.

Future directions

In 2010-11, the rail safety regulation program will be re-titled the transport safety regulation program and expanded to encompass bus safety regulation. The new program’s corporate priorities for 2010-11 are to:

- maintain a focus on improving track worker safety
- facilitate rail operators’ compliance with new rail safety worker safety competency requirements
- support improved management of assets by rail operators.
PROGRAM 2: Transport safety and reliability advice

Highlights

› Active involvement in progressing national reforms, including chairing a project team to help set up the national regulator and implement nationally consistent rail safety legislation (page 43)
› Significant input into a national method to analyse causal factors in rail safety incidents, including development of a prototype database for use by industry, regulators and investigators (page 41)
› Development of an asset assurance program for trial by RailCorp to address longer-term asset management (page 42)
› Conducted first independent survey of bus customers to measure satisfaction levels (page 43)

Program context

The transport safety and reliability advice program incorporates the previous transport safety advice and transport service reliability advice programs, combining the safety and reliability advisory and reporting functions. The aim of this broadened program is to improve awareness and knowledge of safety, reliability and transport performance issues through its reporting, regulatory intelligence and advisory functions; provide leadership in the national reform process; and provide a forum for NSW transport regulators of rail, bus and ferry services to share learning on safety issues.

The Council of Australian Government process determines the nature of the national reform process. The NSW State Plan and supporting Urban Transport Statement set out the NSW Government’s transport priorities and some reliability targets, such as increasing the share of public transport in peak hour commuting and improving the quality of these services.

During 2009-10, the program made significant contributions to the national reform process, responded to increased demand for safety data and intelligence, continued its work in relation to commuter surveys to provide public transparency for rail and bus performance, and provided independent advice to government on a range of publicly funded transport proposals.

Key challenges for this program included working with a number of state and national bodies in the development of the proposal for the national rail safety regulator; providing relevant guidance for regulatory staff and industry to address issues such as worksite protection and level crossing risks; and obtaining quality data from external agencies to inform reliability reports and advices.
<table>
<thead>
<tr>
<th>Work with the rail industry to promote the integration of human factors processes into safety management system design and implementation</th>
<th>Trial a range of guidance to assist operators integrate human factors issues into operational and investigation procedures</th>
<th>Achieved</th>
<th>Page 45</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promote to rail industry</td>
<td>Ongoing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advise the NSW Government on the performance of publicly funded transport using customer research and analysis of service performance</td>
<td>Conduct a needs analysis</td>
<td>Achieved</td>
<td>Page 43</td>
</tr>
<tr>
<td>Publish research</td>
<td>Achieved</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advise government</td>
<td>Achieved</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work with the rail industry to promote better practice asset sustainability management and contractor safety risk</td>
<td>Develop asset assurance framework for industry use</td>
<td>Achieved</td>
<td>Page 42</td>
</tr>
<tr>
<td>Trial with RailCorp</td>
<td>Ongoing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advise the NSW Government on technology, rolling stock and infrastructure issues to inform investment decisions</td>
<td>Conduct relevant research/monitor developments in other countries</td>
<td>Achieved</td>
<td>Page 40</td>
</tr>
<tr>
<td>Advise NSW Government and national agencies</td>
<td>Achieved with ongoing work required</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Advice to government

As part of its legislated mandate, ITSRR provides state and national governments with a range of safety- and reliability-related transport advice. The focus of this advice is as follows.

Technology, rolling stock and infrastructure advice

ITSRR continued to monitor automatic train protection (ATP) development projects in Australia and overseas to inform its advice to government on issues surrounding the technology. This work has not only focused on the safety benefits the technology brings but also the economic and capacity issues.

As part of this work, ITSRR developed a discussion paper on the need for a policy on the interoperability of railway systems in Australia, which it has submitted to the relevant national forums for consideration. As ATP systems are being installed and developed on different networks around the country, ITSRR recognises the importance that such systems are interoperable. That is, the same safety functions are seamlessly provided as trains move from one network to another. ITSRR’s discussion paper explored how this can be achieved either through a legal requirement or by industry standards. ITSRR will continue to progress this work.

Level crossing risk management strategies

During the year, ITSRR continued to provide significant input into the national working group of the Australian Transport Council’s Safety Standing Sub-Committee on level crossings – the Rail Level Crossing Group. The group identified the potential for new intelligent transport system (ITS) technologies to play an important role in the prevention of level crossing incidents. ITSRR, as lead on the initiative for the group, began a project to identify relevant ITS projects in Australia and to develop a model for evaluation of ITS technologies. The results will contribute to ITSRR’s development of a national strategy for the application of the technologies to level crossings.

A common methodology for the assessment of risk at level crossings has been developed in Australia in the form of the Australian Level Crossing Assessment Model (ALCAM). Following its review of the underlying methodology of ALCAM in 2007-08, ITSRR has become a member of the National ALCAM Model Development Group, a sub-committee of the Rail Level Crossing Group, to help introduce improvements to the model. During the year, ITSRR compiled data from all active level crossings around the country to enable it to address the lack of validation of the model’s outputs with historical collision data. This work will inform improvement of the model and thereby improve the quality of level crossing assessments and prioritisation of upgrade projects nationally.

ITSRR has also been tasked to extend this project to create a national level crossing database for the Rail Level Crossing Group. This study will collate and analyse collision and inventory data from all Australian and New Zealand jurisdictions.

ITSRR continued to provide bi-monthly safety performance reports to the NSW Level Crossing Strategy Council and a more detailed six-monthly report with analysis of trends and emerging issues. ITSRR also provided monthly level crossing performance reports to a working group of the strategy council.

Provision of safety data to governments

ITSRR produced a range of safety reports in 2009-10 on industry performance, rail operator performance, trends over time and findings arising from regulatory compliance activity. The reports are used by a range of external organisations such as transport agencies, industry groups and inter-governmental committees. Internally, the reports inform ITSRR’s core regulatory functions and corporate planning.

Occurrence data, which is data on accidents and incidents, provides an important foundation for regulators and industry to track performance over time and for use in research and quantitative risk assessment processes. As part of a consistent national approach to notification and reporting of rail safety occurrences, ITSRR provides summary statistics to the Australian Transport Safety Bureau (ATSB).

These statistics conform to an agreed national set of rail safety occurrences. ATSB presents the data by jurisdiction and as aggregated national data in a public report on the ATSB website.

ITSRR provided two updates on NSW rail occurrence summary statistics to the ATSB in 2009-10. The national data series on key national rail safety occurrence categories now extends from January 2001 to December 2009.

For details on ITSRR’s contribution to the national rail safety data strategy, see page 44.
Performance indicator

Attendees at external seminars/workshops

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004-05</td>
<td>370</td>
</tr>
<tr>
<td>2005-06</td>
<td>300</td>
</tr>
<tr>
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<tr>
<td>2007-08</td>
<td>312</td>
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<tr>
<td>2008-09</td>
<td>827</td>
</tr>
<tr>
<td>2009-10</td>
<td>539</td>
</tr>
</tbody>
</table>

Result:

- **2004-05**: 370
- **2005-06**: 300
- **2006-07**: 337
- **2007-08**: 312
- **2008-09**: 827
- **2009-10**: 539

Comment/analysis:
This year’s attendance at ITSRR’s seminars and workshops was above the average trend for ITSRR, reflecting the introduction of the *Rail Safety Act 2008*.

Forecast:
ITSRR expects the number of attendees to decrease to levels similar to those prior to 2008-09.

National coding of investigation data

Safety incidents are typically caused by a combination of contributing factors, potentially including procedural, management and human error issues. ITSRR has been actively working with other state regulators on a coding system, titled the contributing factors framework, to guide rail safety investigators, rail transport operators and regulators on how to record and analyse the contributing factors to a rail safety incident. The framework allows rail operators and regulators to collect systemic safety data so that they can identify patterns and trends in safety issues and take action to rectify any problems.

In July 2009, the framework was officially adopted by national regulators and investigators and is now currently in use by ITSRR, NSW Office of Transport Safety Investigations (OTSI), the ATSB and all state and territory rail safety regulators.

During the year, ITSRR and OTSI officers worked together to ensure consistent application of the framework. ITSRR undertook considerable development work to integrate the coding framework into a prototype database, providing trial versions of the database to other state and territory rail regulators for testing and feedback.

A national issues log will contribute to improvements to the framework and database and the first revision is due in July 2010. The priority for the coming year will be to develop a national approach to data analysis and reporting.

Rail services contract advice

Amendments to the *Passenger Transport Act 1990* require the establishment of contracts for rail passenger services within two years from January 2009.

During the year, several drafts of the rail services contract were provided to ITSRR by NSW Transport & Infrastructure (NSWTI) for advice. The advice provided by ITSRR was based on its extensive national and international research into best practices in the procurement of commuter rail services. The substance of ITSRR’s advice was that to meet best practice, comprehensively defined service standards and performance indicators should be included. ITSRR also prepared draft definitions of performance indicators to further assist NSWTI.

ITSRR also presented a paper titled *Best Practice in Procurement of Commuter Rail Services* at the 32nd Australasian Transport Research Forum held in New Zealand in September 2009. The forum is the principal annual transport planning, research and policy conference in Australasia.
Trial of asset assurance program for industry

In September 2009, ITSRR initiated an asset assurance program for NSW funded transport agencies. The program is intended to ascertain a level of assurance (high, medium or low) about how each NSW transport agency is managing the assets in their charge. For example, a high level of assurance would indicate that the risks to the NSW Government from the management of those assets are low because the agency is managing their assets well, delivering the required services in a financially responsible manner.

As part of that program, a trial to test the approach to the determination of such a level of assurance is being undertaken within RailCorp. The trial is due to be completed in September 2010.

Asset advice to Country Regional Network

The Rail Infrastructure Corporation (RIC) outsources the maintenance of the NSW Country Regional Network track and associated structures to ensure they are in an appropriate condition for the expected rail traffic. During the year, RIC re-tendered for this contract, with expressions of interest sought and obtained. The next stage involves the detailed tender responses from three selected tenderers, due in July 2010.

As a representative on RIC’s review team for the tender process, ITSRR provided specialist asset management assistance requested by RIC to develop contract deliverables. Such deliverables should enable RIC to be confident that the chosen contractor will provide the relevant asset management services for the intended life of the contract.

Monitoring bus reform

During the year, advice was provided to NSWTI on monitoring performance of bus services. There were two aspects to this advice. The first related to options for the development of a service quality index (SQI). An SQI identifies if reforms being implemented by NSWTI are leading to ongoing improvements in service delivery from a customer perspective. The other aspect of the advice related to the quality of data on operational performance. Some of the data collected by NSWTI needs to be enhanced so that it can better aid planning. Advice was provided so that other collection options such as sampling and audits could be trialled.

Feedback from attendees at seminars/workshops

<table>
<thead>
<tr>
<th>Result</th>
<th>05–06</th>
<th>06–07</th>
<th>07–08</th>
<th>08–09 baseline year</th>
<th>09–10</th>
</tr>
</thead>
<tbody>
<tr>
<td>% who agreed or strongly agreed that the seminar will help them better manage rail safety</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>70</td>
<td>97</td>
</tr>
</tbody>
</table>

Comment/analysis:

Participants at this year’s seminars providing surveyed responses indicated a high degree of satisfaction with ITSRR’s seminars. High attendance levels reflected the relevance of seminar topics, with more than 100 people attending the seminar on rail safety worker competence requirements.

Forecast:

ITSRR aims to maintain the high quality of its seminars.

Performance indicator

Feedback from attendees at seminars/workshops

<table>
<thead>
<tr>
<th>Result</th>
<th>05–06</th>
<th>06–07</th>
<th>07–08</th>
<th>08–09 baseline year</th>
<th>09–10</th>
</tr>
</thead>
<tbody>
<tr>
<td>% who agreed or strongly agreed that the seminar will help them better manage rail safety</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>70</td>
<td>97</td>
</tr>
</tbody>
</table>

Comment/analysis:

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Forecast:

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Forecast:

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Forecast:

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CityRail customer survey

ITSRR has conducted annual surveys of CityRail customers since 2004.

The 2009 survey was undertaken at a time when train users were experiencing very good operational performance with train on-time running consistently above the 92% target. The survey findings reflected this good operational performance. There were improvements in customer satisfaction levels for many aspects of customer service including those related to CityRail staff, operational performance and communication with passengers.

Consistent with the improvements in satisfaction with operational performance, there were decreases in train users’ reported frequency of experiencing crowding, delays and skipped stops. Nevertheless, crowding in peak hours remained the aspect of service with the highest level of dissatisfaction, with 51% of train users dissatisfied.

Sydney metropolitan bus customer survey

In September 2009, ITSRR published the findings from its first survey of Sydney metropolitan bus users. Bus users were asked to rate ten aspects of service. For all but one of these, the satisfaction level was greater than 70%. The exception was crowding in peak hours where only 62% of bus users were satisfied with this aspect of bus service.

Other key findings included:

› 25% said they were delayed by 10 minutes or more at least once a week
› 24% said they were left standing at the bus stop at least once a week (because the bus was too full, did not stop or did not turn up)
› 33% had wanted to catch a bus outside normal operating times.

Rail demand forecasting research

During the year, ITSRR began a research project on forecasting demand for passenger rail services. The aim of the research is to determine how rail demand forecasting is carried out, validated and used in Australian cities. The expected outcome of the research is to identify good practice in rail demand forecasting for strategic and operational planning in Sydney.

Interviews were held between January and April 2010 with a wide range of stakeholders in each of the major Australian cities. The stakeholders included:

› transport authorities, the commuter rail operators - representatives who are involved in developing or using rail demand forecasts
› land use planning authorities - representatives who are involved in developing population forecasts
› independent transport forecasting experts, such as academics.

Key findings from this research will be reported in the Transport Reliability Report 2009-10.

National reform process

Input to the national transport policy framework

In December 2009, the Council of Australian Governments (COAG) agreed to establish a national regulator for rail safety and that South Australia would host the national regulator under a state-based template model. However, COAG identified a number of issues that require resolution in the implementation stage of the national rail safety regulator, including policy issues, such as drug and alcohol and fatigue management, as well as funding and resource issues associated with the establishment of the national regulator.

A project office has been established in South Australia to progress this proposal. To oversee the project office, the Rail Safety Regulatory Reform Project Board has been established, which includes senior transport officials from the Commonwealth, the states and the Northern Territory, including ITSRR’s Chief Executive. In addition, an advisory committee has been established to assist the project office and the National Transport Commission in developing the rail safety legislation to support the national regulator. ITSRR chaired this advisory committee until early June 2010, when the function was transferred to NSW Transport & Infrastructure.
Members of the reference group are largely drawn from the separately constituted Rail Safety Policy and Regulatory Group (RSPRG), whose function is to provide broader rail safety policy advice in the context of the National Transport Policy Plan administered by the Australian Transport Council (ATC). To date, the major focus of the RSPRG has centred on arrangements to monitor the memorandum of understanding between ATC ministers and the Rail Industry Safety Standards Board, consideration of a national rail interoperability policy, as well as taking the lead in the development of the national data strategy for rail safety. For information on ITSRR’s input to the national strategy, see below.

ITSRR continues to take a leading role in the national rail safety reform process to ensure that there is no diminution in the current standard of rail safety and regulation in NSW.

Participation on the Rail Safety Regulators’ Panel

During the year, ITSRR continued to participate on the Rail Safety Regulators’ Panel (RSRP). The panel comprises representatives of rail safety regulators from all Australian states, the Northern Territory and New Zealand.

During 2009-10, ITSRR contributed to a number of RSRP projects to promote consistency in the administration of rail safety regulation, including:

› the development of regulator guidance on effective management and control of railway operations
› the provision of advice regarding regulator involvement in the development of industry standards or codes of practice for rail safety
› the provision of advice and the development of procedures to support the proposal for a principal regulator as part of transitional arrangements for the national rail safety regulator.

The RSRP met with the rail industry three times during the year through the Rail Safety Consultative Forum. The forum was established in 2003 to discuss safety performance and regulatory issues. An area of focus is promoting consistency of regulation across jurisdictions where possible.

Contribution to national rail safety data strategy

In December 2008, the Australian Transport Council approved the National Strategy for Rail Safety Data (national data strategy), committing governments and industry to 11 related actions to improve rail safety data in Australia. The 11 actions are grouped into 3 themes: better focused national data, better data quality, and better consistency and comparability.
During 2009-10, ITSRR through its chair of RSPRG, was given the project management role for the strategy as a whole and given the lead for the delivery of theme one.

Railway safety regulator data needs have now been defined conceptually in a discussion paper, which has been endorsed by the RSRP. An appreciation of rail industry and public needs was developed through consultation with industry and government.

A discussion paper was also developed that looks at the gaps between currently available data and the main users’ needs. It makes recommendations on how these gaps should be addressed, some of which are recommended changes to the national model law for the reporting of occurrences (accidents and incidents). This discussion paper is being finalised following feedback from the data reference group and the RSRP.

ITSRR will continue to support the delivery of the national data strategy through its participation in the working groups for themes two and three.

Safety promotion and liaison with industry

ITSRR works closely with industry to ensure that it is aware of current and emerging issues, including better safety practices and technologies. This includes targeting specific safety issues where ITSRR feels it can add value and a broader perspective as well as running regular participatory forums and seminars for industry.

Targeted safety issues

Human factors

One of ITSRR’s corporate priorities is to work with the rail industry to promote integration of human factors processes into safety management system design and implementation.

Human factors is the discipline that applies our knowledge of human capabilities and limitations to the design, operation and maintenance of technological systems. It draws from established disciplines such as psychology, ergonomics, physiology and engineering to develop and apply knowledge about people at work to the functional relationships between people, tasks, technologies and the working environment in order to produce safe and efficient human performance.

Human error and deliberate violation of rules and procedures are the main contributors to the railways key risks associated with collisions and derailments from signals passed at danger, track workers being struck by trains, level crossing collisions and errors in maintenance.

In line with this priority, and as part of a longer-term strategy to make human factors assessments more approachable and accessible to railway operators, ITSRR has developed guidance material and a series of practical tools for industry to use.

This year, ITSRR focused on work to promote testing and uptake of these, which included the following:

- Level crossing investigation tool

  More data is needed to better understand the causes of level crossing collisions and to develop risk reducing strategies. With this in mind, ITSRR has developed a checklist for level crossing investigations to identify a variety of factors relating to human performance and behaviour that can contribute to level crossing incidents.

  The checklist helps identify contributing factors to level crossing collisions, promotes better understanding of level crossing accident causation and assists in evidence-based decisions on risk reduction strategies through the data collected. It consists of 16 sections covering aspects ranging from road user behaviour, distractions, local conditions and level crossing traffic to train and track details, level crossing characteristics and warnings.

  The checklist is based on a successful UK toolkit and US reporting framework and was customised for the Australian rail industry.

  While primarily designed for investigators, rail transport operators are encouraged to use the sections of the checklist that are relevant to their organisation. By using the checklist, rail transport operators can enhance the identification of contributing factors and risk mitigation strategies under their managerial control.

  These factors are recorded in a database, analysed and used to develop risk mitigation strategies. The data will also contribute to assumptions built into level crossing risk models, such as the Australian Level Crossing Assessment Model, which helps to prioritise improvements to railway level crossings (for more details, see page 40).

  ITSRR will work with the various agencies and organisations involved in a level crossing collision to ensure as much data as possible is collected. This may involve specific requests for information to railway infrastructure managers, rolling stock operators, police and road authorities.
Trial of worksite protection tool

In 2009-10, ITSRR received a final version of its commissioned human factors investigation tool for investigating incidents arising from errors and violations when working on track under track occupancy authority and track work authority rules.

The process guides operators through a root cause analysis of incidents, which helps the operator understand how and why the incident happened and determine the appropriate correction procedures and controls to prevent future incidents.

During the year, ITSRR tested and refined the tool by using it to review real accident and incident data. ITSRR plans to make the tool available to industry, once sufficient validation has been performed.

Rail resource management training

Rail resource management is a structured approach that aims to provide operational personnel with the knowledge, skills and attitudes to manage themselves and available resources more safely and effectively. This enables railway organisations to mitigate human error and other potential safety threats and successfully recover from them. The approach is increasingly adopted in safety critical work contexts where people work together in systems and teams that may require communication between locations and across shifts. It is a proven approach developed originally in aviation where it is referred to as crew resource management.

Following completion of the first Australian rail resource management training package in 2008-09, ITSRR and Public Transport Safety Victoria commissioned a pilot training program on behalf of the Rail Safety Regulators’ Panel. The pilot program was undertaken in the second half of 2009 at V/Line, a major rail operator based in Melbourne.

The purpose of the pilot was to test the practical application of the training materials, document the implementation process and evaluate the effectiveness of the program. Dédale Asia Pacific undertook the training and produced a report to disseminate the results and encourage uptake of the approach by other rail operators. The pilot showed that it provided good facilitation and customisation of the material, with trainees more aware of the potential mistakes or shortcuts of others, and that a business case exists for the rail industry to adopt the technique.

ITSRR will hold an industry briefing in August 2010 to report on the pilot project.

Fatigue management

In 2009, ITSRR finalised a review of computer models that help assess human fatigue factors associated with the timing and sequencing of work shifts impacting on rail operational safety. The review sought advice from a number of independent experts in human factors and fatigue. The findings highlighted a number of cautions that should be applied when fatigue models are used to make safety risk management decisions. ITSRR will issue guidance to industry in early 2010-11 to help them understand the appropriate uses and limitations of fatigue models in making safety decisions on work hours.

Managing major change

During the year, ITSRR published guidance on the regulatory requirements for the management of major changes to railway safety systems, for example, new infrastructure, rolling stock, operating systems and technology. The guidance contains information on current good practice. It also references resources on engineering safety management of large capital projects.

For more details on ITSRR’s work on major change projects, see page 31.
Heritage operator workshops

ITSRR carried over into 2009-10 its intensive program of free workshops aimed at assisting rail transport operators in the heritage sector to better understand the hazard analysis process and preparation of a risk register. More than 100 representatives from 15 separate heritage operators attended the on-site workshops held at locations throughout NSW between September 2009 and April 2010. More details on the workshops are on page 25.

Forums and seminars

Rail safety strategic forum

The Rail Safety Strategic Forum (RSSF) is an established part of ITSRR's stakeholder engagement program that provides an opportunity for the rail industry to discuss safety issues of strategic importance in NSW.

Elections for members representing the rail industry were conducted in February 2010, resulting in six members being re-elected and five new members joining the forum.

The remaining membership consists of three nominated representatives from rail industry unions and two ITSRR staff. The Australasian Railway Association and NSW Office of Transport Safety Investigations attend the RSSF as observers.

The RSSF met three times in 2009-10. Issues discussed during the year included rail safety work and associated worker competencies; worksite protection; the heritage sector; contractor management; and issues arising from the national Rail Safety Co-regulation Group (comprising regulator and industry representatives).

Executive safety seminars

ITSRR hosts a number of seminars each year to promote better practice safety management among NSW accredited rail transport operators. These free-of-charge education events are aimed at highlighting significant safety issues to key senior personnel with responsibility for safety management.

ITSRR held two executive safety seminars during 2009-10. The first of these, held in August 2009, focused on the issue of managing safety in an operator/contractor relationship. The seminar included information on general duties requirements and discussed solutions for how rail transport operators and their contractors can meet their obligations for a seamless safety management system.

The second seminar, held in February 2010, outlined transitional arrangements under the Rail Safety Act 2008. The topics included rail safety worker competence requirements, the need and requirements for interface agreements on rail/road crossings and issues to do with the registration of private sidings. This seminar attracted the highest number of people ever to attend a single ITSRR event with more than 100 people from the rail industry present.

ITSRR conducted an online survey in November 2009 to further improve the effectiveness of the executive safety seminars. A strong response to the survey provided important feedback on the preferences of rail industry representatives, which was used to develop the forward program and format of the seminars. See the key performance indicators on pages 41-42.

Service measure

Safety and reliability public reports published

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<th>05-06</th>
<th>06-07</th>
<th>07-08</th>
<th>08-09</th>
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<tr>
<td>No. of safety reports</td>
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<td>5</td>
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<td>9</td>
</tr>
<tr>
<td>No. of reliability reports</td>
<td>5</td>
<td>2</td>
<td>4</td>
<td>5</td>
<td>6</td>
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</tbody>
</table>

Comment/analysis:
Consistent levels of information have been disseminated for public information.

Forecast:
Safety reports are expected to remain at a similar level, with greater use of the data reported to provide an independent analysis of trends. From July 2010, the reliability reporting function will be undertaken by Transport NSW.
Service measure

Safety and reliability advices issued to government

<table>
<thead>
<tr>
<th></th>
<th>05–06</th>
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<th>07–08</th>
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</thead>
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<td>No. of safety advices</td>
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<td>n/a</td>
<td>n/a</td>
<td>93</td>
</tr>
<tr>
<td>No. of reliability advices</td>
<td>15</td>
<td>24</td>
<td>24</td>
<td>8</td>
<td>19</td>
</tr>
</tbody>
</table>

Comment/analysis:
This indicator has been broadened to include safety advices. The number of safety advices is determined by issues identified by ITSRR as well as stakeholder requests. From July 2010, the reliability advisory function will be undertaken by Transport NSW.

Forecast:
Current levels of safety advices are expected to be maintained.

Support for NSW transport regulators

Under the Transport Administration Act 1988, ITSRR is required to provide strategic coordination of safety regulation by transport authorities. ITSRR does this through a collaborative approach with NSW Transport & Infrastructure, NSW Maritime and the Roads and Traffic Authority. The chief executives, or their delegates, of each agency meet regularly as part of the Transport Regulators’ Executive Committee (TREC).

Operating since 2004, TREC’s focus is to:
› monitor industry safety performance for each mode
› monitor regulatory performance across modes
› identify specific cross-modal safety issues.

During 2009–10, TREC provided a forum for the discussion of a range of issues relating to the safety regulation of each transport mode, including consideration of the approaches to drug and alcohol testing and to safety culture. In addition, as the Council of Australian Governments is progressing proposals for national safety regulators for rail, marine and heavy vehicles, TREC provided an opportunity to discuss these national proposals.

As a result of the decision in 2009 to create a central transport agency, TREC has flagged that there will need to be a review of its role in providing strategic coordination of safety regulation across modes. It is envisaged that this review will take place once the final structure and functions of NSWTI is established.

Reporting on the implementation of independent investigation recommendations

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

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

TREC regulators monitor implementation of these recommendations using an approach consistent with that developed by ITSRR for its reports to parliament on the implementation of Waterfall inquiry recommendations. The quarterly reports to the Minister for Transport on the implementation of independent investigation recommendations are published on ITSRR’s website.

Review of NSW Office of Transport Safety Investigations reports

TREC also examines the cross-modal implications arising from the independent safety investigation reports published by OTSI.

For rail, this included reports on the derailment of CityRail passenger service 37-K at Homebush (7 January 2009), and the derailment of Pacific National service 6BA6 Euabalong West – Matakana rail section (14 January 2007).
For buses, one report was reviewed relating to a bus rear wheel detaching and colliding with an oncoming vehicle at Bossley Park (12 May 2009).

No ferry reports were published.

Each agency reports to ITSRR on the status of recommendation closures. For more details on this, see the performance indicator on page 44.

TREC’s consideration of these reports enables each regulator to consider whether the recommendations directed to one mode are relevant to others. It also enables consideration of where consistent application of actions across modes is desirable.

Review of transport regulators key performance indicators

During 2009-10, ITSRR worked closely with NSW Transport & Infrastructure and NSW Maritime to facilitate regular reporting on their respective mode’s safety performance (rail, bus and ferry), and their own regulatory performance to monitor and enforce legislative safety requirements. Key performance indicator (KPI) reports were provided to the September 2009 and March 2010 TREC meetings.

The KPI reports enhance the capacity of each agency to review their specific industry and their own performance with respect to achieving safety objectives. The KPI reports also improve the understanding of the application of safety regulation across modes and regulator decision-making. They are not intended to compare performance across transport modes given that each industry and regulator operates with different constraints.

Safety information for the public and media

Rail industry safety report

ITSRR is required to submit an annual rail industry safety report to the NSW Minister for Transport. The report is published on the ITSRR website and is the most detailed reporting mechanism regarding the safety performance of accredited rail transport operators in NSW. It presents information on occurrences over a 12-month period presented with historical data and explanatory notes on long term trends and data interpretation issues. The 2008-09 report was published in December 2009.

Transport reliability report

ITSRR is also required to submit an annual transport reliability report to the NSW Minister for Transport. The report is published on the ITSRR website and provides an overview of the performance of publicly funded transport services including CityRail, CountryLink, Rail Infrastructure Corporation, State Transit, bus services operated by private metropolitan bus operators and Sydney Ferries. The 2008-09 report was released in April 2010.

Transport reliability bulletins

Transport reliability bulletins are a means of increasing access to research undertaken within ITSRR on reliability issues related to publicly funded transport. They provide transport agencies, consultants and the public with information relating to the purchase, planning and provision of transport issues. The bulletins are typically shorter than other reliability reports issued by ITSRR as they cover one specific topic. In 2009-10, ITSRR published the following bulletins:

› Five-year trends in CityRail service quality from a customer perspective
› Effective performance measurement for commuter rail services
› Measuring customer delay for rail passengers.

Future directions

In 2010-11, the transport safety and reliability advice program will be revised given the functional changes to ITSRR, which has led to the transfer of the transport reliability advisory and national policy functions to Transport NSW (formerly NSW Transport & Infrastructure). This program will be re-titled safety promotion and advice with the following corporate priorities for 2010-11:

› promote better practice for contractor safety management in the rail industry
› promote technologies that address human error in railway operations.
PROGRAM 3: Corporate governance

Highlights

› Achievement of quality certification ISO 9001 for the rail safety regulation program (page 57)
› Enhanced middle managers’ capability through university-level management training (page 64)
› Strengthened internal audit capacity improving ITSRR service delivery (page 55)
› Trial of application of a geographic information system (GIS) to rail incident data to enable systemic incident analysis (page 56)

Program context

ITSRR defines governance as including both formal and informal structures and processes and aims to achieve excellence in corporate governance. This program provides the supporting governance functions for ITSRR’s Executive Management Team (EMT) to effectively govern ITSRR, with advice from the Advisory Board. This is achieved through effective resource allocation and business support to deliver organisational results on rail safety and reliability advice.

For information on ITSRR’s corporate governance management structure, see page 19.

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

During 2009-10, key contextual issues for ITSRR’s corporate governance services included:

› supporting regulatory actions by improving understanding and accountability for results
› consolidating ITSRR’s drive for ISO (International Organization for Standardization) certification of its rail safety regulatory business processes.

Key challenges included ensuring staff were equipped to deliver regulatory enforcement, attracting skilled staff and meeting business needs while making corporate efficiencies.
<table>
<thead>
<tr>
<th>Achievements 2009–10</th>
<th>Corporate priority Strategies Performance Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve understanding of and deliver on stakeholder needs</td>
<td>Scope external stakeholder needs</td>
</tr>
<tr>
<td></td>
<td>Finalise external stakeholder engagement plan</td>
</tr>
<tr>
<td></td>
<td>Incorporate key actions required into program plans</td>
</tr>
<tr>
<td>Develop staff through a competency based learning and development framework</td>
<td>Develop framework</td>
</tr>
<tr>
<td></td>
<td>Apply framework</td>
</tr>
<tr>
<td></td>
<td>Advise government</td>
</tr>
<tr>
<td>Continue to build ITSRR’s service delivery capacity through the quality management system</td>
<td>Finalise readiness for ISO accreditation of rail safety regulatory business processes</td>
</tr>
<tr>
<td></td>
<td>Apply for accreditation</td>
</tr>
<tr>
<td></td>
<td>Achieve accreditation</td>
</tr>
<tr>
<td>Improve understanding and accountability for results through ITSRR’s performance reporting system</td>
<td>Build automated KPI system</td>
</tr>
<tr>
<td></td>
<td>Generate KPI reports</td>
</tr>
<tr>
<td></td>
<td>Review KPI reports</td>
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</tbody>
</table>
Governance and structure

ITSRR executive and board functions

ITSRR’s governance structure comprises an Executive Management Team (EMT) led by the Chief Executive and an Advisory Board. For more information, see page 9.

ITSRR management is supported by a number of management support systems as outlined below.

Internal committees

A number of internal committees support ITSRR’s management structure, including the:

› Independent risk and audit committee established this year comprising two independent members and ITSRR’s Corporate Counsel. The committee is supported through the work of an ITSRR staff member appointed to the role of Chief Audit Executive. The committee met for the first time in February 2010 to endorse its terms of reference and to consider the internal audit schedule for the current year, as well as its planned processes for the future. Its second meeting in May approved the internal audit program and risk policy and procedure. It also scrutinised and made recommendations on the audits conducted to date. See page 55 for more information on ITSRR’s internal audits.

› Occupational health and safety (OHS) committee comprising staff and management representatives. During the year, the committee discussed staff needs in relation to workplace risks and injury occurrences, such as slips, trip and falls, driver awareness information, manual handling, computer-generated reminders to take breaks and exercise, first aid officer recertification as well as agency performance and targets for reducing injuries and progress with return to work plans.

The committee also engaged a specialist external contractor to audit and review ITSRR’s OHS management system. See page 58 for more details.

› Operational management group (OMG) comprising 15 senior managers to analyse and support change and continuous improvement on corporate and program risk assessments and corporate performance. During the year, the OMG met five times and worked with the EMT on drafting corporate priorities for 2010-11.

› Administrative group comprising 14 administrative and support staff from across all areas of ITSRR, chaired by the Executive Director Corporate Services and Planning. During the year, the group discussed ways to better use and manage facilities and resources, the approach to their performance agreements, financial matters pertaining to accounts processing and financial delegations. The committee also discussed inwards correspondence and good records management practices and provided feedback to management on streamlining administrative processes such as the general expenditure approval process.

Corporate performance management

ITSRR recognises that it needs to provide value by demonstrating to its stakeholders, the NSW Government through the Minister of Transport, industry and the public, that safety outcomes are being achieved through timely and quality service delivery.

In this respect, ITSRR’s corporate performance management system provides both internal and external quality assurance that this is being achieved through an integrated risk, planning and review process. Each component is outlined on the following pages.
Risk management

ITSRR’s risk register is a vital input to the corporate planning process. ITSRR uses an integrated risk management/planning process as outlined below:

**OPERATING CONTEXT**

**RISK IDENTIFICATION & ASSESSMENT**
- Review of context
- Identification
- Assessment of risks and opportunities

**CORPORATE PLANNING (STRATEGIC)**
- Identification of corporate priorities
- Identification of strategies
- Preparation of corporate priorities
- Preparation of supporting business plans (IM&T, Communications)

**CORPORATE PLANNING (STRATEGIC)**
- Preparation of program plans
- Preparation of individual performance development agreements

**STRATEGY IMPLEMENTATION**
- Implementation of strategies at all levels (risk mitigation, opportunity implementation)

**PERFORMANCE REPORTING**
- Internal quoting (quarterly, annual)
- External reporting (six monthly, annual)
- Ongoing review of context, risks and opportunities

**OPERATING CONTEXT**

Technological advances

Global trends

Social values

Community expectations

Environment impacts

Political context

Economic growth or contraction

Legislative objectives

NSW State Plan

Results logic

Corporate priorities

Adaptation of policy, strategy and resources as appropriate
ITSRR’s risk management policy and procedure were revised during the year to align with the new AS/NZS ISO 31000:2009 standard and, in line with the ISO principles, tailored for ITSRR’s specific requirements.

As a first step in the process, ITSRR scoped its risk environment, including industry, government and staff capabilities, pressures and expectations. Following risk assessment at both a corporate and program level, ITSRR updated its risk registers and reviewed these at quarterly intervals with senior managers to ensure the registers reflected ITSRR’s operating context at that point in time.

The risk registers have informed the plans for 2010-11. It is also intended to audit risk registers to ensure risk controls remain relevant and effective.

As part of a new government policy direction, ITSRR is required to provide an attestation on its compliance with the NSW Government’s internal audit and risk management policy. See page 121 for the attestation.

Corporate planning
ITSRR prepared its Corporate Priorities 2010-11 making effective use of information from the review of its operating context, including stakeholder expectations, and internal capabilities. As part of this process, the Executive Management Team (EMT) worked with a senior managers’ group to develop a collective contextual view of forward directions.

An important input was ITSRR’s corporate risk assessment, as outlined above, to identify ITSRR’s key challenges for the forthcoming year and how it needs to proactively respond to these.

The Corporate Priorities 2010-11 set the direction for the respective program plans and individual performance agreements between managers and staff.

Performance review
Strategic review of performance is essential to ensuring that ITSRR is effectively managed, focused on its key result areas and achieves maximum value from the resources utilised.

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

To enhance the analysis of performance and facilitate the involvement of key management, quarterly corporate and program performance reports, including reports against ITSRR’s full suite of key performance indicators (KPIs), were also provided to joint meetings of the Operations Management Group and the EMT.

The EMT also held six-monthly reviews of the organisation’s progress against the Corporate Priorities 2009-10 to assess progress, adjust resource allocation and objectives and to assist in developing future plans.

External performance reporting
ITSRR demonstrated its accountability and value to stakeholders through its external corporate performance reports. During the year these included:

› input to the NSW Government’s Budget Papers (April 2010)
› the Annual Report 2008-09. The report again won a silver award in the Australasian Reporting Awards. The awards promote the use of best practice reporting criteria and provided ITSRR with the opportunity to benchmark its report against private and public sector organisations across Australia.

In addition to reporting on its own performance, ITSRR also monitors industry performance in terms of safety and reliability, publishing separate reports each year. The reports are available on ITSRR’s website.

Key performance indicators
During the year, ITSRR addressed its corporate priority to improve understanding and accountability for results through ITSRR’s performance reporting system by:

› finalising an automated system for quarterly corporate performance reporting, with the first automated quarterly report (October - December 2009) reviewed by the EMT in February 2010. Further work will now be undertaken to ensure accuracy and to streamline the KPI information available.
› working with NSW Transport & Infrastructure and NSW Maritime to share learnings on KPI improvements as part of a project for the Transport Regulators Executive Committee (see page 4B).

ITSRR’s regulatory performance indicators are linked to its reporting on industry safety outcomes to ensure that ITSRR’s overall aim of heightening safety outcomes for rail, bus and ferry operators is communicated.
Internal audit

During the year, the NSW Government introduced a new policy on audit and risk management. As a result, agencies are now required to have robust audit and risk management policies, including setting up an independent risk and audit committee to oversee implementation of such policies and appointing an internal Chief Audit Executive. ITSRR complied, setting up its independent committee and appointing a Chief Audit Executive in early 2010 (see pages 19 and 52 for further details).

ITSRR has further strengthened its internal audit program during 2009-10, adopting a more rigorous methodology to ensure that non-conformances identified in audits were addressed and reported on. Staff training occurred and planning, auditing and reporting processes formalised.

Audit results and the actions to address non-conformances are monitored by the independent risk and audit committee consistent with government requirements.

Nine audits were conducted during the year, including three governance audits and six performance audits.

The governance audits focused on:
› expense claims
› management of inwards correspondence
› OHS management.

The performance audits focused on:
› management of notifications of change from accredited operators
› a follow up audit of the processes used to close out and report on recommendations of the Final Report of the Special Commission of Inquiry into the Waterfall Rail Accident
› pre-quality certification audit of the quality management system
› a review of the governance and quality management system
› the certification audit against ISO 9001:2008
› an audit of ITSRR’s defining documents.

Most audits identified that ITSRR’s current systems and processes were appropriate, with some suggested improvements recommended. For example, the expense claims audit provided an assurance that ITSRR’s system to monitor and manage employee expense claims was robust and appropriate. The audit on ITSRR’s management of notifications of change demonstrated that good systems are in place.

Audits have led to improvements including faster response to applications and inquiries from industry and a more rigorous OHS management system with added emphasis on supporting hazard identification for field officers.

ITSRR’s attestation on its compliance with the NSW Government’s internal risk and audit management policy is on page 121.

Performance indicator

**Stability rate**

**Result:**

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004-05</td>
<td>95</td>
</tr>
<tr>
<td>2005-06</td>
<td>90</td>
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<tr>
<td>2006-07</td>
<td>89</td>
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<td>2007-08</td>
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<td>2008-09</td>
<td>97</td>
</tr>
<tr>
<td>2009-10</td>
<td>97</td>
</tr>
</tbody>
</table>

**Comment/analysis:**
The high stability rate provides an indication that staff believe ITSRR to be a good place to work.

**Forecast:**
Staff retention will remain a high focus for ITSRR and is a constant challenge given the need for specialised staff.
Corporate complaints handling

ITSRR seeks to effectively review and address any complaints from its internal and external stakeholders on the delivery of its services. To date, there have been very few complaints made.

<table>
<thead>
<tr>
<th>Complaints</th>
<th>2007-08</th>
<th>2008-09</th>
<th>2009-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>External stakeholders</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Staff</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

External stakeholder complaints are usually directed to ITSRR’s senior regulatory staff and dealt with in an appropriate way in accordance with the nature of the feedback. During 2009-10, ITSRR did not receive any formal complaints.

Formal requests by rail operators for review of a regulatory decision were managed by the Executive Director Policy and Advice. This is to ensure the review is independent from the area making the original decision. If the operator is not satisfied with ITSRR’s review it can appeal through the Administrative Decisions Tribunal. One request for review by an operator was made during 2009-10 (see page 29).

ITSRR’s policy is that any staff complaints can be directed to the Executive Director Corporate Services and Planning. No complaints were received in 2009-10.

Performance support

Information management and technology

During 2009-10, ITSRR delivered the first year of its Information Management and Technology (IM&T) Strategic Plan 2009-12.

Key themes of the plan include:

› re-prioritisation of IT activity away from application development, with a stronger focus on performance review, needs analysis and staff training
› regular forums and meetings to make IT priorities and processes more transparent and create greater awareness of the alignment of business and IT priorities
› simplification of IT processes
› increasing efficiency of IT resource use.

The strategic plan supported ITSRR’s corporate priority to build on the quality, integrity and use of information resources and set the framework for various projects.

Key achievements during the year included:

› implementation of an automated KPI reporting system to support corporate performance reporting
› business intelligence solutions to support analysis of rail safety regulatory intelligence data and system support for revised processes under the Rail Safety Act 2008
› an IT framework to identify causal factors of a rail incident to support the analysis of investigation outcomes
› trialling the application of geographic information system (GIS) to rail incident data to enable a geographical review of incidents and systemic incident analysis
› redevelopment of the ITSRR website to improve stakeholder communication and comply with NSW Government consistency requirements
› development of a charter to strengthen the governance of the IT function, setting the standards and expectations for IT service provision.

During the year, the NSW Government conducted an information and communication technology (ICT) expenditure review as part of its better services and value plan. The primary objective of the review is to make sustainable improvements in the efficiency of the government’s ICT expenditure, leading to ongoing costs savings in the NSW Budget.

As part of the transport cluster, ITSRR has actively contributed to the review identifying areas for sustainable cost savings and improved efficiency. Examples include process improvements to reduce costs in IT procurement and reducing over-servicing charges.

Knowledge management

Knowledge management is the systematic approach to the management of people and systems to ensure that the organisation utilises the data and information available in the organisation to best advantage.

ITSRR’s results during the year included:

› improved performance reporting framework through more systematic and automated collection and collation of data
› analysis of industry trend data and ITSRR audit data to inform corporate strategy and regulatory intervention strategies
dissemination of knowledge through the organisation through monthly staff briefings and the provision of regular intranet updates for staff on topical and work issues

a senior managers’ forum to progress corporate priorities and discuss strategic issues.

Quality certification of rail safety regulatory business processes

This year’s aim of certifying ITSRR’s rail safety regulatory business processes against ISO 9001:2008 was achieved with a certification audit being undertaken by SAI Global in April and the receipt of confirmation of certification in May.

This achievement was the result of significant effort and leadership at senior and operational levels to identify, document, disseminate and review all aspects of ITSRR’s planning, operational output, accountability and audit and improvement processes. The result is the development, implementation and ongoing review and improvement of ITSRR’s enterprise wide governance and quality management system (GQMS).

Governance and quality management system

GQMS provides all staff with documented policies, processes and templates to be used in the conduct of ITSRR business, facilitating greater consistency and efficiency of service delivery. This work formed the backbone of ITSRR’s quality certification with SAI Global of its rail safety regulatory business processes. ITSRR will continue to monitor and strengthen this system to ensure quality principles are applied across all facets of ITSRR service delivery.

Recordkeeping and Objective competencies

As ITSRR matures, record-keeping and document management become ever more critical.

Objective is the document management system all staff in ITSRR use. Regular tailored staff training and refreshers were provided throughout the year, with 34 staff attending. The focus of the training is primarily on better use of searches and document naming.

Engaging with stakeholders

ITSRR identified as a corporate priority for 2009-10 the need to improve understanding of and deliver on stakeholder needs.

Throughout the year, ITSRR undertook a range of stakeholder engagement activities including one-on-one interaction, collaboration on projects, targeted surveys, group workshops, national and state strategic forums, executive seminars as well as the dissemination of important advice and information.

More detail on these activities are outlined in the rail safety regulation and transport safety and advice chapters. The following provides a generic listing of these activities given their contribution to ITSRR’s corporate priority to deliver on its stakeholder needs:

hosting executive safety seminars, which promote better practice safety management in the rail industry, and surveying rail stakeholders about ways to enhance delivery of these seminars. See key performance indicators on pages 41–42 for attendance levels and feedback

continuing the Rail Safety Strategic Forum, where safety issues of strategic importance are discussed with key rail industry representatives

participating in the establishment of a national rail safety regulator, as a representative on the National Rail Safety Regulator Project Board, and national coordination through the Rail Safety Policy and Regulation Group (see page 43)

providing strategic coordination of safety regulation across modes in NSW through the Transport Regulators Executive Committee (see page 48)

participating in interstate regulator forums as part of the Rail Safety Regulators’ Panel

engaging with stakeholders through surveys, focus groups and workshops to identify areas for improving the usability of the ITSRR website

conducting targeted industry information and training sessions, including 15 hazard identification workshops for the heritage sector to assist them meet their rail safety obligations as well as training for drug and alcohol testing to assist rail operators to train and educate their staff

exhibiting at the RTAA/RailCorp field days in Sydney on 3–4 March 2010 to highlight ITSRR’s rail safety priorities to rail infrastructure, construction and maintenance workers
Performance indicator

Average sick leave taken per employee during the year (hours)

<table>
<thead>
<tr>
<th>Year</th>
<th>Result</th>
<th>Comment/analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-06</td>
<td>47</td>
<td></td>
</tr>
<tr>
<td>2006-07</td>
<td>40.6</td>
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<tr>
<td>2007-08</td>
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<td></td>
</tr>
<tr>
<td>2008-09</td>
<td>34</td>
<td></td>
</tr>
<tr>
<td>2009-10</td>
<td>40.6</td>
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</tr>
</tbody>
</table>

Forecast:

ITSRR regularly monitors levels of sick leave, while acknowledging that staff should not attend work if not well enough to do so or need to care for children or elderly relatives.

Managing ITSRR’s workplace

ITSRR’s governance structure includes the use of standardised personnel policies and procedures, as outlined below.

Occupational health and safety

ITSRR values the health and safety of its staff. It is committed to fostering an organisational culture that actively seeks to improve work practices and sustain healthy and safe work environments. All new staff are provided with an induction, which includes a focus on occupational health and safety (OHS) requirements and their responsibilities to contribute to a safe and healthy workplace.

During the year, an external audit was completed of ITSRR’s OHS management in respect to the AS/NZ 4801:2001 Occupational Health and Safety Management Systems Standard. The purpose of this review was to evaluate the effectiveness of ITSRR’s OHS management documentation and existing training programs to support the achievement of its policy objectives. The audit report, finalised in September 2009, made 14 major recommendations, including the need to consolidate OHS policies and procedures into an overarching system, clearly articulate objectives, ensure accountabilities for responsibilities are assigned and document high risk activities. Work has commenced on all recommendations, with ten completed and four ongoing.
ITSRR’s OHS committee, comprising staff and employer representatives, provides a forum for staff to raise OHS issues and have them dealt with appropriately. The committee met quarterly, enabling regular review of safety issues and consultation with staff.

During the year, the committee members also conducted various inspections including workplace electrical inspections, which found no major hazards; transport vehicle inspections, which identified that all pool fleet vehicles were well managed and maintained; and general office inspections, which identified that fire blankets were required for the kitchens and communications room.

Proactive action taken included tagging electrical equipment such as laptops and lightpros to guard against potential safety risks while travelling and use in other office environments and the preparation of a ‘quick tips’ guide on the use of pool vehicles to assist new drivers.

**Privacy management plan**

ITSRR maintains a privacy management plan, developed in line with government policy and the Privacy and Personal Information Protection Act 1998, to ensure staff needs and rights are protected. No internal complaints were lodged with senior management during the year.

**Equal employment opportunity**

ITSRR values the diversity of its staff and advocates equal employment opportunity (EEO) as outlined in its corporate EEO policy. Strategies to implement EEO principles include consideration of EEO in recruitment, learning and development and performance management actions.

During the year, ITSRR continued to implement its Equal Opportunity Management Plan 2008-11 in line with requirements under the Anti-Discrimination Act 1977. The plan outlines ITSRR’s commitment to the promotion of equality of employment based on merit and a considerate and harassment-free workplace. ITSRR provides an annual report on progress against the plan to the Department of Premier and Cabinet.

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

EEO activities in 2009-10 included:
- developing new exit interview forms to inform future strategies
- implementing flexible work practices through ITSRR’s new industrial agreement, including the use of purchased leave to assist staff take leave in a financially manageable way
- communication of the NSW Government’s breastfeeding policy to all staff and support of the policy by providing a quiet room for such activities.

For details on ITSRR’s staff by EEO group, see page 116.

In 2010-11 ITSRR will:
- finalise and implement its recruitment, selection and retention policy, which focuses on ITSRR’s specific needs in line with the NSW Government capability framework
- investigate the use of online EEO training as part of the induction process
- raise awareness of EEO, anti-discrimination and anti-harassment principles by distributing articles on the intranet and displaying posters/flyers around the office.

**Multicultural policies and services program**

While ITSRR is not required to have a formal policy or plan on multicultural issues, it ensures that the principles of multiculturalism are addressed through its workplace policies as advocated under the Community Relations Commission and Principles of Multiculturalism Act 2000. For example, ITSRR’s code of conduct stipulates that:
- all dealings in the course of work be made without discrimination or harassment
- members of the public, officers of ITSRR and other public officials are treated with respect, courtesy, honesty and fairness, and have proper regard to their interests, rights, safety, health and welfare
- individual and cultural differences of staff, public sector and industry employees and the community are recognised and respected, valuing the diversity of thought, experience and skills.

ITSRR’s harassment free workplace policy further supports this, noting staff responsibilities to ensure their workplace promotes equity of treatment regardless of race.

ITSRR also maintains an active EEO policy for staff, which ensures staff are aware of their rights and obligations to ensure that they employ such considerations in their work relationships and actions.
In line with its awareness of multicultural principles, ITSRR continued with the following activities during 2009-10:

› ensuring its recruitment practices are merit-based, focusing on position requirements and not disadvantaging any specific individual or cultural group
› taking into consideration the cultural diversity of the community when tendering for a contract to undertake customer surveys on rail and bus public transport to ensure a valid sample that reflects the cultural diversity of society is obtained and interpreter assistance is available.

Building staff capabilities

ITSRR has a strong commitment to staff development and wellbeing, both professionally and personally. This includes providing staff with challenging work, appropriate learning and development opportunities and flexible work arrangements.

Strategies to ensure that these requirements are met include:

› a performance development and evaluation scheme that links individual performance to corporate strategies, provides constructive feedback, facilitates the building of job-relevant skills and knowledge, and encourages personal and career growth
› professional learning and development opportunities based on both organisational and individual needs (page 61)
› a workplace culture that respects family and life commitments, facilitates learning in formal and informal environments and creates a sense of community (page 62).

During the year, a key focus for ITSRR as a corporate priority was to develop staff through a competency-based learning and development framework. To achieve this, ITSRR has been developing its own competency framework utilising the NSW public sector capability framework, and national vocational resources, including training packages and competency descriptors. ITSRR’s model includes core enterprise and technical competencies reflecting job-specific task proficiencies. This modelling will provide a systematic method of assessing the knowledge, skills and abilities required for current and future ITSRR roles with a particular focus on working in the public sector and on safety-related matters. It also informs workforce planning, identifying skills gaps, skills development and career pathways.

Individual performance management

To guide individual performance management, ITSRR has in place a performance development evaluation scheme, which encourages managers and staff to prepare performance agreements through ongoing discussions. The process involves provision of regular feedback and the completion of a formal evaluation at six-monthly intervals.

Learning and development

ITSRR recognises that creating an effective learning environment is an important foundation for achieving high levels of performance and staff satisfaction.

ITSRR staff require a broad skill base covering knowledge of the rail industry and safety regulation frameworks and a sound understanding of safety management systems and risk analysis. They also require skills in conducting audits, compliance inspections and investigations. In addition, high-level decision making, communication and interpersonal skills are required to facilitate regulatory compliance. To ensure such skills were maintained and enhanced, ITSRR conducted ongoing in-house courses to build skills in using enterprise systems such as the document management system and to update staff on changes to business processes.

Other learning and development achievements during the year included:

› 22 staff attended an internally developed program covering human factors (a discipline of study that deals with human-machine interface) for investigators and rail safety officers, to assist them enforce the Rail Safety Act 2008
› 7 staff attended a customised intermediate course on using crystal reports, which heightened their technical competencies to process data and run reports
› 14 rail safety officers undertook training in Yellow Book Version 4 engineering safety management fundamentals for railway maintenance and asset management standards, ensuring ITSRR officers are up-to-date with better practice internationally-recognised standards
› 8 staff attended an internally developed internal auditor training program to strengthen ITSRR’s internal audit function and ensure ITSRR meets its responsibilities under the NSW Government internal audit and risk policy.

ITSRR will continue to target organisational and staff needs in 2010-11 with specific focus on the rail safety regulatory function, using flexible delivery methods and internal expertise to maximise ITSRR’s effectiveness in addressing rail safety issues.

During the year, ITSRR also commenced a program to enhance middle management capabilities (see case study on page 64).
Professional development

ITSRR’s professional development program is another aspect of ITSRR’s learning and development program and encourages staff to undertake postgraduate training in transport safety to build organisational and individual learning.

The core of this program is the Graduate Certificate in Transport Safety run by the University of NSW. The certificate comprises four modules: risk management, human factors in transportation safety, auditing rail safety management systems and occupational health and safety law.

During 2009-10, four staff undertook modules. To date, 30 ITSRR staff have attained the full qualification, achieving the intent of a recommendation of the Final Report of the Special Commission of Inquiry into the Waterfall Rail Accident for the regulator to be highly skilled and competent in safety management.

Graduate trainee program

ITSRR has proactively addressed the difficulty of recruiting skilled and competent staff for its specialised operational roles through the graduate trainee program. ITSRR currently employs two trainees in their second year of training.

The trainee program aims to develop trainees over a two-year period for the role of rail safety officer (RSO). RSOs are those staff authorised under the Rail Safety Act 2008 to exercise the regulatory powers provided by the Act. To be an RSO, staff need to complete relevant training and be able to demonstrate the required levels of competency.

Trainees are provided with a targeted work program to develop their regulatory expertise. They are also required to complete the graduate certificate in transport safety. On-the-job training provides field experience under the guidance of experienced authorised officers.
Workplace culture

ITSRR aims to have a workplace culture based on agreed corporate values. Culture is shaped both by formal and informal processes. ITSRR has a code of conduct and ethics which sets out the parameters of good corporate behaviour. ITSRR staff also act collaboratively on a range of work and social activities and events.

Values and behaviours

ITSRR continued to implement its values, which are:

› Independence from industry, political and individual influences
› Excellence in what we do and how we do it
› Transparency with expected actions and no hidden agendas
› Accountability including being open and honest and integrity in decision-making
› Responsiveness in meeting expected timelines and providing feedback along the way.

ITSRR’s focus on supporting values and behaviours is articulated through individual performance agreements, whereby the demonstration of behaviours supporting the values is discussed and noted.

ITSRR staff also demonstrated a strong commitment to social responsibility that extends beyond the usual public service delivery. The following case studies reflect these actions.

Recognition of causes

Staff have developed a profile of causes that were again supported during the year. These included:

Staff blood flows to worthy cause

Fifteen ITSRR staff donated blood this year, ITSRR’s third year of involvement in the Red Cross Blood Red program. Staff donated whole blood and plasma, the latter important in helping stop clotting and bleeding and capable of being processed into a variety of products that can treat a number of potentially life-threatening conditions including burns, creating immunisations and helping haemophiliacs.

Go guys go

Ten ITSRR staff, including the Chief Executive, donned helmets to participate in the bike ride from Sydney to Wollongong in November 2009, raising $5500 for MS Australia.

“This is a great opportunity for staff to get out there and have some fun together, as well as raising much needed funds to support the great work MS Australia does,” said ITSRR’s Chief Executive, Len Neist.

The World’s Biggest Morning Tea

This event was well attended by staff, with many baking their favourite muffins and cakes to share and raise funds. As well as demonstrating the excellence of staff in cooking, ITSRR raised $415 for cancer research.
ITSRR’s environmental footprint

As a small agency working from a central office location, ITSRR’s environmental management strategies focus on effective use of energy and resources.

Energy management

ITSRR’s performance goals for its energy management are to reduce building and vehicle emissions, where possible. During the year, ITSRR made the following efforts to monitor and reduce its greenhouse gas emissions:

GreenPower

All NSW Government agencies can choose to source their electricity from accredited renewable energy sources (such as solar, wind and hydro) instead of fossil fuels by buying GreenPower.

ITSRR has nominated for 60% GreenPower in line with its desire to support environmental initiatives and monitor its costs. This exceeds the government’s requirement for 6%.

ITSRR’s energy management received a 4.5 star rating under the National Australian Building Energy Ratings Scheme (NABERS), with one star being the most polluting and five stars the least polluting. This reflected ITSRR’s efforts in reducing its energy consumption and carbon footprint through advocating efficiency practices, such as reminders for staff to switch off equipment and lights when not required. As a result ITSRR has also achieved a reduction in power consumption of more than 3% during 2009-10.

Vehicle emissions

ITSRR’s vehicle fleet consists of nine cars comprising four pool cars and five Senior Executive Service/Senior Officer vehicles under salary sacrifice arrangements. ITSRR has already acted to reduce its emissions by replacing six cylinder vehicles with better-performing four cylinder vehicles. Additional strategies implemented during the year included communicating to ITSRR drivers on the importance of using E10 fuel where possible.
Case study

Management development program

The ITSRR management development program is designed to develop staff management capabilities, equip them for higher levels of leadership and strengthen their abilities on strategic organisation issues. The program consists of learning modules aimed at meeting organisational (solving real-life problems), leadership (to lead more effectively) and individual needs (optimising use of personal skills and strengths).

This program provides the opportunity for staff to undertake the diploma of management run by the University of New England under the Australian Government’s Skilling Australia for the Future initiative. Twelve staff are participating, with staff anticipated to graduate in November 2010.

The diploma is tailored to ITSRR’s context, with assignments focused on workplace issues. A major benefit of this approach is that participants apply their learning to ITSRR while studying, thereby benefitting the individual, team and organisation.

For example, the participants’ final assessment project involves identifying a business initiative that will deliver tangible organisational results and presenting a business case to the executive for implementation of the workplace improvement project.

“The course has given me more confidence in my decision-making abilities and has opened up valuable dialogue between employees from different divisions allowing us to discuss common challenges we share and how they may be overcome.”

Justine Kinkade
Human Resources and Administration Coordinator

Waste management

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

ITSRR continues to reduce its purchase and consumption of paper through e-processes. All paper products purchased are 100% recyclable.

Ongoing waste minimisation strategies continued, including using the e-process for invoices and payment approvals, thereby reducing paper usage, saving costs and making the payment approval process simpler and more efficient.

In collaboration with its building management group, ITSRR continued its recycling program whereby all carbon, lithium and other battery types are collected and disposed through a reputable company endorsed through ITSRR’s contracted cleaning service. This service has been extended to all ITSRR personnel to encourage them to recycle their batteries from home through the program.

During 2009-10, ITSRR achieved a 3.5 star rating under the NABERS waste rating scheme for offices, which measures the amount of ‘materials generated’ (garbage, recyclables, re-use, etc) by a building and how much of that is diverted from landfill/disposal (percentage of total materials generated). While above average, further improvements are possible and will be pursued in 2010-11 where possible.

Office environment

ITSRR is conscious that the quality of its office environment is fundamental to staff health and wellbeing. To inform its interactions with central management, ITSRR also applied for a NABERS rating of its office environment, which resulted in a 2.5 star rating. This demonstrates that there is still scope for improvement and provides a benchmark from which ITSRR can discuss improving conditions with building management, such as air conditioning and lighting.
ITSRR’s financial and asset management

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

Financial management

The EMT receives monthly reports which track and monitor ITSRR’s expenditure and assist in the effective allocation of resources. Details on ITSRR’s financial results are on page 5. Detailed audited financial statements are on page 67.

ITSRR manages and reports expenses based on its three core corporate programs. Expenses for the corporate governance program are allocated across these programs, as depicted in the diagram below:

Net expenditure by program groups 2009-10

The program expenditure reflects budget allocations. In 2009-10 costs for the transport reliability advice program have been incorporated into the new broader transport safety and reliability advice program. However, for reporting and comparative purposes costs have been shown separately. Costs aligned with the new broader transport safety advice program were previously allocated to the rail safety regulation program in 2008-09 and are now reported separately.

Under-expenditure during the year related mainly to decreased legal expenditure from the protected legal budget and reduced use of contractors.

Review and delivery of savings initiatives were required as a result of the reduction in Senior Executive Service positions and the requirement to reduce information and communications technology expenditure. These impact on the 2009-10 year and/or forward years expenditure. IT savings were achieved through restructuring and efficiencies in the corporate services area. The objective pursued with all savings initiatives is to identify improved ways of working without diminishing the financial resources allocated for delivery of front line services.

Asset management

ITSRR’s physical assets primarily comprise office equipment. It has no land assets to manage given that it leases office space in Sydney’s CBD.

ITSRR’s asset portfolio consists of leasehold improvements and plant and equipment valued at fair value, less depreciation.

From an holistic perspective, ITSRR’s assets include the following:
- computer hardware – central processing units, disks, terminals, printers, magnetic tape drives
- computer software – systems programs such as operating and database systems plus application programs that carry out the functions the user wants
- people – those who operate the system, those who provide its inputs and consume its outputs, and those who provide manual processing activities in a system
- data – the information the system remembers over a period of time
- procedures (rules) – formal policies and instructions for operating the system.
The data, information and knowledge generated using these assets is critical in supporting ITSRR’s business processes, which in turn support the delivery of its corporate priorities and legislative objectives. This relationship is reflected below:

![Diagram showing Strategic planning systems, Decision support systems, Operational systems]

ITSRR recognises this critical relationship in its risk register and monitors the level of risk to operational systems. A primary control is ITSRR’s preparation of a total asset management plan to ensure its physical assets are kept in the appropriate condition. The plan identifies future funding requirements to maintain and acquire assets (largely computer systems and equipment) to support achievement of corporate results. Another control is the use of the governance quality management system, which is outlined on page 57 and regular review of its risk register and corporate strategies, as outlined on pages 53–54.

During the year, detailed review was undertaken of the effectiveness of ITSRR’s asset management life cycles. Analysis of maintenance and replacement costs was made to assess the most beneficial mode to manage the asset. This has resulted in more detailed planning for asset renewal including capacity data storage requirements and more effective alignment of computer renewal and telecommunication devices with capital allocations.

The improved asset management plans provide for effective management of physical assets without disrupting delivery of ITSRR’s regulatory function. This means appropriate maintenance or enhancement and contract or service delivery can be designed around the asset service life.

**Future directions**

The future directions for the corporate governance program reflect ITSRR’s corporate priorities for 2010-11:

- enhance the breadth of learning and development for regulatory staff
- support the delegation of bus safety regulation functions to ITSRR.
The following pages provide detailed financial information for the Independent Transport Safety and Reliability Regulator, the statutory corporation established under the Transport Administration Act 1988 to promote safety and reliability as fundamental objectives in the delivery of transport services in NSW.
Statement by Chief Executive
For the year ended 30 June 2010

Pursuant to section 41C (1B) of the Public Finance and Audit Act 1983, I state that:

(a) The accompanying financial statements have been prepared in accordance with
   › Applicable Australian Accounting Standards which includes Australian Accounting Interpretations
   › The requirements of the Public Finance and Audit Act and Regulation; and

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

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

Chief Executive
Date: 20 October 2010
INDEPENDENT AUDITOR’S REPORT

Independent Transport Safety and Reliability Regulator

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Independent Transport Safety and Reliability Regulator (the Regulator), which comprises the statement of financial position as at 30 June 2010, the statement of comprehensive income, statement of changes in equity, statement of cash flows, service group statements and a summary of compliance with financial directives for the year then ended, a summary of significant accounting policies and other explanatory notes for both the Regulator and the consolidated entity. The consolidated entity comprises the Regulator and the entities it controlled at the year’s end or from time to time during the financial year.

Auditor’s Opinion

In my opinion, the financial statements:

- present fairly, in all material respects, the financial position of the Regulator and the consolidated entity as at 30 June 2010, and its financial performance for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- are in accordance with section 418 of the Public Finance and Audit Act 1983 (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

Chief Executive Officer’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive Officer, as well as evaluating the overall presentation of the financial statements.
I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

My opinion does not provide assurance:

- about the future viability of the Regulator or consolidated entity,
- that it has carried out its activities effectively, efficiently and economically,
- about the effectiveness of its internal controls, or
- about the assumptions used in formulating the budget figures disclosed in the financial statements.

Independence

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

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

Peter Coulioussis
Director, Financial Audit Services

20 October 2010
SYDNEY
## Statement of comprehensive income

For the year ended 30 June 2010

<table>
<thead>
<tr>
<th>Notes</th>
<th>Parent</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual 2010 $'000</td>
<td>Actual 2009 $'000</td>
</tr>
<tr>
<td>Expenses excluding losses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee related 2(a)</td>
<td>11,429</td>
<td>11,588</td>
</tr>
<tr>
<td>Other operating expenses 2(b)</td>
<td>3,449</td>
<td>4,479</td>
</tr>
<tr>
<td>Depreciation and amortisation 2(c)</td>
<td>406</td>
<td>604</td>
</tr>
<tr>
<td>Total Expenses excluding losses</td>
<td>15,284</td>
<td>16,671</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sale of services 3(a)</td>
<td>105</td>
<td>36</td>
</tr>
<tr>
<td>Investment revenue 3(b)</td>
<td>79</td>
<td>97</td>
</tr>
<tr>
<td>Other 3(c)</td>
<td>761</td>
<td>874</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>945</td>
<td>1,007</td>
</tr>
<tr>
<td>Net Cost of Services</td>
<td>16</td>
<td>14,339</td>
</tr>
<tr>
<td>Government Contributions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recurrent appropriation 4</td>
<td>14,310</td>
<td>15,181</td>
</tr>
<tr>
<td>Capital appropriation 4</td>
<td>-</td>
<td>100</td>
</tr>
<tr>
<td>Acceptance by Crown of Employee benefits and other Liabilities 5</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Government Contributions</td>
<td>14,310</td>
<td>15,281</td>
</tr>
<tr>
<td>(DEFICIT)/SURPLUS FOR THE YEAR</td>
<td>(29)</td>
<td>(383)</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</td>
<td>(29)</td>
<td>(383)</td>
</tr>
</tbody>
</table>

The accompanying notes form part of these statements.
# Statement of financial position

## As at 30 June 2010

<table>
<thead>
<tr>
<th>Notes</th>
<th>Parent</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual 2010 $’000</td>
<td>Actual 2009 $’000</td>
</tr>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>7</td>
<td>2,204</td>
</tr>
<tr>
<td>Receivables</td>
<td>8</td>
<td>336</td>
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<tr>
<td><strong>Total Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2,540</td>
<td>2,563</td>
<td>2,540</td>
</tr>
<tr>
<td><strong>Non-Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>9</td>
<td>-</td>
</tr>
<tr>
<td>Plant and equipment</td>
<td>9</td>
<td>199</td>
</tr>
<tr>
<td><strong>Total property, plant and equipment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>199</td>
<td>225</td>
<td>199</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>10</td>
<td>608</td>
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<td><strong>Total Non-Current Assets</strong></td>
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<td></td>
</tr>
<tr>
<td>807</td>
<td>1,155</td>
<td>807</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3,347</td>
<td>3,718</td>
<td>3,347</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td>11</td>
<td>2,178</td>
</tr>
<tr>
<td>Provisions</td>
<td>12</td>
<td>-</td>
</tr>
<tr>
<td>Liability to Consolidated Fund</td>
<td>4</td>
<td>277</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2,455</td>
<td>2,797</td>
<td>2,455</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2,455</td>
<td>2,797</td>
<td>2,455</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>892</td>
<td>921</td>
<td>892</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>892</td>
<td>921</td>
<td>892</td>
</tr>
</tbody>
</table>

The accompanying notes form part of these statements.
## Statement of changes in equity

**For the year ended 30 June 2010**

<table>
<thead>
<tr>
<th></th>
<th>Parent Actual 2010 $’000</th>
<th>Parent Actual 2009 $’000</th>
<th>Consolidated Actual 2010 $’000</th>
<th>Consolidated Actual 2009 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 1 July</td>
<td>921</td>
<td>1,304</td>
<td>921</td>
<td>1,304</td>
</tr>
<tr>
<td>(Deficit)/surplus for the year</td>
<td>(29)</td>
<td>(383)</td>
<td>(29)</td>
<td>(383)</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive income for the year</td>
<td>(29)</td>
<td>(383)</td>
<td>(29)</td>
<td>(383)</td>
</tr>
<tr>
<td>Balance at 30 June</td>
<td>892</td>
<td>921</td>
<td>892</td>
<td>921</td>
</tr>
</tbody>
</table>

The accompanying notes form part of these statements.
### Statement of cash flows

**For the year ended 30 June 2010**

<table>
<thead>
<tr>
<th>Notes</th>
<th>Parent</th>
<th></th>
<th>Consolidated</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual 2010 $’000</td>
<td>Actual 2009 $’000</td>
<td>Actual 2010 $’000</td>
<td>Budget 2010 $’000</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Payments</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee related</td>
<td>(10,896)</td>
<td>(10,120)</td>
<td>(10,896)</td>
<td>(10,665)</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>(4,369)</td>
<td>(5,289)</td>
<td>(4,369)</td>
<td>(5,236)</td>
</tr>
<tr>
<td>Total Payments</td>
<td>(15,265)</td>
<td>(15,409)</td>
<td>(15,265)</td>
<td>(15,901)</td>
</tr>
<tr>
<td><strong>Receipts</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous receipts</td>
<td>89</td>
<td>36</td>
<td>89</td>
<td>26</td>
</tr>
<tr>
<td>Interest received</td>
<td>66</td>
<td>110</td>
<td>66</td>
<td>87</td>
</tr>
<tr>
<td>Goods &amp; Services Tax received</td>
<td>421</td>
<td>491</td>
<td>421</td>
<td>600</td>
</tr>
<tr>
<td>Total Receipts</td>
<td>576</td>
<td>637</td>
<td>576</td>
<td>713</td>
</tr>
<tr>
<td><strong>Cash Flows from Government</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recurrent appropriation</td>
<td>14,587</td>
<td>15,186</td>
<td>14,587</td>
<td>15,288</td>
</tr>
<tr>
<td>Capital appropriation</td>
<td>-</td>
<td>100</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cash transferred to consolidated fund</td>
<td>(5)</td>
<td>(158)</td>
<td>(5)</td>
<td>-</td>
</tr>
<tr>
<td>Net Cash Flows from Government</td>
<td>14,582</td>
<td>15,128</td>
<td>14,582</td>
<td>15,288</td>
</tr>
<tr>
<td><strong>NET CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td>16</td>
<td>(107)</td>
<td>356</td>
<td>(107)</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM INVESTING ACTIVITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of property, plant and equipment</td>
<td>(58)</td>
<td>(172)</td>
<td>(58)</td>
<td>(50)</td>
</tr>
<tr>
<td><strong>NET CASH FLOW FROM INVESTING ACTIVITIES</strong></td>
<td>(58)</td>
<td>(172)</td>
<td>(58)</td>
<td>(50)</td>
</tr>
<tr>
<td><strong>NET (DECREASE)/INCREASE IN CASH</strong></td>
<td>(165)</td>
<td>184</td>
<td>(165)</td>
<td>50</td>
</tr>
<tr>
<td>Opening cash and cash equivalents</td>
<td>2,369</td>
<td>2,185</td>
<td>2,369</td>
<td>2,364</td>
</tr>
<tr>
<td><strong>CLOSING CASH AND CASH EQUIVALENTS</strong></td>
<td>7</td>
<td>2,204</td>
<td>2,369</td>
<td>2,204</td>
</tr>
</tbody>
</table>

The accompanying notes form part of these statements.
### Service group statements

**For the year ended 30 June 2010**

<table>
<thead>
<tr>
<th>AGENCY’S EXPENSES AND INCOME</th>
<th>Service Group 49.1 Rail Safety Regulation</th>
<th>Service Group 49.2 Transport Safety Advice</th>
<th>Service Group 49.3 Transport Service Reliability Advice</th>
<th>Not Attributable</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010 $’000</td>
<td>2009 $’000</td>
<td>2010 $’000</td>
<td>2009 $’000</td>
<td>2010 $’000</td>
</tr>
<tr>
<td>Expenses excluding losses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee related</td>
<td>9,920</td>
<td>10,017</td>
<td>515</td>
<td>179</td>
<td>994</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>2,994</td>
<td>4,095</td>
<td>155</td>
<td>48</td>
<td>300</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>352</td>
<td>604</td>
<td>18</td>
<td>-</td>
<td>36</td>
</tr>
<tr>
<td>Total Expenses excluding losses</td>
<td>13,266</td>
<td>14,716</td>
<td>688</td>
<td>227</td>
<td>1,330</td>
</tr>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sale of services</td>
<td>91</td>
<td>36</td>
<td>5</td>
<td>-</td>
<td>9</td>
</tr>
<tr>
<td>Investment revenue</td>
<td>69</td>
<td>97</td>
<td>4</td>
<td>-</td>
<td>6</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>160</td>
<td>133</td>
<td>9</td>
<td>-</td>
<td>15</td>
</tr>
<tr>
<td>Net Cost of Services</td>
<td>13,106</td>
<td>14,583</td>
<td>679</td>
<td>227</td>
<td>1,315</td>
</tr>
<tr>
<td>Government Contributions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>(DEFICIT)/SURPLUS FOR THE YEAR</td>
<td>(13,106)</td>
<td>(14,583)</td>
<td>(679)</td>
<td>(227)</td>
<td>(1,315)</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total other comprehensive income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL COMPREHENSIVE INCOME</td>
<td>(13,106)</td>
<td>(14,583)</td>
<td>(679)</td>
<td>(227)</td>
<td>(1,315)</td>
</tr>
<tr>
<td>Administered Income (Note 20)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rail accreditation fees</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Fines</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Administered Income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Further details on the service groups are provided in Note 6. Appropriations are made on an agency basis and not to individual service groups. Consequently, government contributions are included in the ‘Not Attributable’ column.
## Service group statements

For the year ended 30 June 2010

<table>
<thead>
<tr>
<th>AGENCY’S ASSETS AND LIABILITIES</th>
<th>Service Group 49.1 Rail Safety Regulation</th>
<th>Service Group 49.2 Transport Safety Advice</th>
<th>Service Group 49.3 Transport Service Reliability Advice</th>
<th>Not Attributable</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010 $’000</td>
<td>2009 $’000</td>
<td>2010 $’000</td>
<td>2009 $’000</td>
<td>2010 $’000</td>
</tr>
<tr>
<td>Current Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>1,913</td>
<td>1,991</td>
<td>99</td>
<td>64</td>
<td>192</td>
</tr>
<tr>
<td>Receivables</td>
<td>292</td>
<td>179</td>
<td>15</td>
<td>2</td>
<td>29</td>
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<tr>
<td>Total Current Assets</td>
<td>2,205</td>
<td>2,170</td>
<td>114</td>
<td>66</td>
<td>221</td>
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<tr>
<td>Non-Current Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>173</td>
<td>193</td>
<td>9</td>
<td>6</td>
<td>17</td>
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<tr>
<td>Intangible assets</td>
<td>527</td>
<td>799</td>
<td>27</td>
<td>24</td>
<td>54</td>
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<tr>
<td>Total Non-Current Assets</td>
<td>700</td>
<td>992</td>
<td>36</td>
<td>30</td>
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<td>TOTAL ASSETS</td>
<td>2,905</td>
<td>3,162</td>
<td>150</td>
<td>96</td>
<td>292</td>
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<tr>
<td>Current Liabilities</td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Payables</td>
<td>708</td>
<td>1,282</td>
<td>37</td>
<td>23</td>
<td>71</td>
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<td>Provisions</td>
<td>1,183</td>
<td>1,132</td>
<td>61</td>
<td>41</td>
<td>118</td>
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<tr>
<td>Liability to Consolidated Fund</td>
<td>277</td>
<td>5</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Current Liabilities</td>
<td>2,168</td>
<td>2,419</td>
<td>98</td>
<td>64</td>
<td>189</td>
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<tr>
<td>TOTAL LIABILITIES</td>
<td>2,168</td>
<td>2,419</td>
<td>98</td>
<td>64</td>
<td>189</td>
</tr>
<tr>
<td>NET ASSETS</td>
<td>737</td>
<td>743</td>
<td>52</td>
<td>32</td>
<td>103</td>
</tr>
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</table>

Further details on the service groups are provided in Note 6.

Administered assets and liabilities are disclosed in Note 18.
Statement of compliance with financial directives
For the year ended 30 June 2010

<table>
<thead>
<tr>
<th>Original budget Appropriation/Expenditure</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appropriations Act</td>
<td>15,288</td>
<td>14,310</td>
</tr>
<tr>
<td>Other appropriations/expenditure</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Appropriation/Expenditure</td>
<td>15,288</td>
<td>14,310</td>
</tr>
<tr>
<td>Net Claim on Consolidated Fund</td>
<td>15,288</td>
<td>14,310</td>
</tr>
<tr>
<td>Drawdown from Treasury</td>
<td>14,587</td>
<td>-</td>
</tr>
<tr>
<td>Liability to Consolidated Fund</td>
<td>277</td>
<td>-</td>
</tr>
</tbody>
</table>

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

Notes to and forming part of the financial statements
For the year ended 30 June 2010

1. Summary of significant accounting policies

(a) Reporting entity

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

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

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

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

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

These financial statements have been authorised for issue by the Chief Executive on 20 October 2010

(b) Basis of preparation

The agency’s financial statements are general purpose financial statements, which have been prepared in accordance with:

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

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

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

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

(c) Statement of compliance

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

(d) Administered activities

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

Transactions and balances relating to the administered activities are not recognised as the agency’s revenues, expenses, assets and liabilities, but are disclosed in Notes 18 to 20 as Administered Assets and Liabilities, Administered Revenue – Schedule of Uncollected Amounts and Administered Revenue.
The accrual basis of accounting and all applicable accounting standards have been adopted for the reporting of the administered activities.

(e) Income recognition

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

(i) Parliamentary appropriations and contributions from other bodies:
Parliamentary appropriations and contributions from other bodies (including grants and donations) are generally recognised as income when the agency obtains control over the assets comprising the appropriations and contributions. Control over appropriations and contributions are normally obtained upon the receipt of cash.
An exception to the above is when appropriations are unspent at year-end. In this case the authority to spend the money lapses and generally the unspent amount must be repaid to the Consolidated Fund in the following financial year. As a result, unspent appropriations are accounted for as liabilities rather than revenue. The liability is disclosed in Note 4 and is reported in the Statement of Financial Position as part of “Current Liabilities – Liability to Consolidated Fund”. The amount will be repaid and the liability will be extinguished next financial year.

(ii) Rendering of services:
Revenue is recognised when the service is provided.

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

(f) Personnel service expense

(i) Salaries and wages, annual leave, sick leave and on-costs:
Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that fall due wholly within 12 months of the reporting date are recognised and measured in respect of employees’ services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.
Long-term annual leave that is not expected to be taken within 12 months is measured at present value in accordance with AASB 119 Employee Benefits. Market yields on government bonds are used to discount long-term annual leave.
Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.
The outstanding amounts of payroll tax, workers’ compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

(ii) Long service leave and superannuation:
The agency’s liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The agency accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as “Acceptance by the Crown Entity of Employee benefits and other Liabilities”.
Long service leave is measured at present value in accordance with AASB 119 Employee Benefits. This is based on the application of certain factors (specified in NSWTC 09/04) to employees with 5 or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.
The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer’s Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees’ salary. For other superannuation schemes (i.e. State Superannuation Scheme
Notes to and forming part of the financial statements
For the year ended 30 June 2010

and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees’ superannuation contributions.

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

Any provisions for restructuring are recognised only when the agency has a detailed formal plan and the agency has raised a valid expectation in those affected by the restructuring that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected. If the effect of the time value of money is material, provisions are discounted at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

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

(h) Accounting for Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of GST, except where:

› the amount of GST incurred by the agency as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense and

› receivables and payables are stated with the amount of GST included.

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

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

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

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

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

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

(j) Intangible assets
The agency recognises intangible assets only if it is probable that future economic benefits will flow to the agency and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value at the date of acquisition. All research costs are expensed. Development costs are only capitalised when certain criteria are met.

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

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

(k) Depreciation and amortisation

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

(l) Maintenance

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

(m) Leased assets

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

(n) Financial instruments

The agency’s financial instruments comprise loans and receivables and payables.

(i) Loans and receivables

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

(ii) Impairment of financial assets

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

(iii) Payables

These amounts represent liabilities for goods and services provided to the agency and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement continues to be based on the fair value as this is not materially different from the amortised cost.

(iv) De-recognition of financial assets and liabilities

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

› where substantially all the risks and rewards have been transferred; or

› where the agency has not transferred substantially all the risks and rewards, but the entity has not retained control.

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

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.
Notes to and forming part of the financial statements
For the year ended 30 June 2010

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

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

(q) Budgeted amounts
The budgeted amounts are drawn from the budgets as formulated at the beginning of the financial year adjusted for the effects of additional appropriations. The budgeted amounts in the Statement of Comprehensive Income and the Statement of Cash Flows are based on the amounts disclosed in the NSW Budget Papers as the agency did not receive any supplementations in 2009-10. However, in the Statement of Financial Position, the amounts vary from the Budget Papers, as the opening balances of the budgeted amounts are based on carried forward actual amounts i.e. per the audited financial statements rather than carried forward estimates.

(r) Comparative information
Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

(s) Service groups costing
Service Groups costs comprise direct costs and indirect costs. Direct costs relate to those activities that contribute specifically to the service delivery of one of the Service Groups. Indirect costs relate to those general activities that benefit all Service Groups. Indirect costs are allocated across the three service groups using methods that are systematic and rational and are applied consistently to all costs having similar characteristics.

Direct and indirect costs include employee related expenses, depreciation and amortisation and operating expenses.

Assets and liabilities that could be attributed to one of the service groups were allocated to that service group. The other assets and liabilities were allocated across the 3 service groups using methods that are systematic and rational and are applied consistently to all assets and liabilities having similar characteristics.

(t) New Australian Accounting Standards issued but not effective
The International Accounting Standards Board (IASB) has completed the third “Annual Improvements” cycle and issued the latest “improvements to International Financial Reporting Standards (IFRS)”. The amendments will generally apply to financial reporting periods beginning on or after 1 January 2011 with early adoption permitted. Most of the changes are minor in nature and focus on clarifying existing reporting requirements.

The AASB is expected to approve the improvements project standard at its next meeting.

These changes are not expected to significantly impact on these financial statements.
2. Expenses

<table>
<thead>
<tr>
<th>(a) Employee related expenses</th>
<th>Parent 2010 $'000</th>
<th>Consolidated 2010 $'000</th>
<th>Parent 2009 $'000</th>
<th>Consolidated 2009 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries (including recreation leave)</td>
<td>-</td>
<td>9,203</td>
<td>-</td>
<td>9,397</td>
</tr>
<tr>
<td>Superannuation - defined benefits plan</td>
<td>-</td>
<td>305</td>
<td>-</td>
<td>397</td>
</tr>
<tr>
<td>Superannuation - defined contribution plan</td>
<td>-</td>
<td>614</td>
<td>-</td>
<td>587</td>
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<tr>
<td>Long service leave</td>
<td>-</td>
<td>439</td>
<td>-</td>
<td>453</td>
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<td>Workers’ compensation insurance</td>
<td>-</td>
<td>58</td>
<td>-</td>
<td>70</td>
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<tr>
<td>Payroll tax and fringe benefit tax</td>
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<td>660</td>
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<td>684</td>
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<tr>
<td>Redundancies</td>
<td>-</td>
<td>150</td>
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</tr>
<tr>
<td>Personnel services (Note 1(a))</td>
<td>11,429</td>
<td>-</td>
<td>11,588</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>11,429</strong></td>
<td><strong>11,429</strong></td>
<td><strong>11,588</strong></td>
<td><strong>11,588</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(b) Other operating expenses</th>
<th>Parent 2010 $'000</th>
<th>Consolidated 2010 $'000</th>
<th>Parent 2009 $'000</th>
<th>Consolidated 2009 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accommodation</td>
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<td>Operating lease rental expense – minimum lease payments</td>
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<tr>
<td>Other property costs</td>
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<tr>
<td>External services</td>
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<tr>
<td>Contractors</td>
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<tr>
<td>Legal Services</td>
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<td>795</td>
<td>795</td>
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<tr>
<td>Auditor’s remuneration – audit of financial statements</td>
<td>16</td>
<td>16</td>
<td>16</td>
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<tr>
<td>Information technology</td>
<td></td>
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<tr>
<td>Computer licences</td>
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<tr>
<td>Communication lines</td>
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<tr>
<td>Other computer costs</td>
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<td>2</td>
<td>5</td>
<td>5</td>
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<tr>
<td>Motor vehicle running expenses</td>
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<td></td>
</tr>
<tr>
<td>Operating minimum lease rentals</td>
<td>70</td>
<td>70</td>
<td>59</td>
<td>59</td>
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<tr>
<td>Other motor vehicle expenses</td>
<td>147</td>
<td>147</td>
<td>123</td>
<td>123</td>
</tr>
<tr>
<td>Advertising and promotion</td>
<td>1</td>
<td>1</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Staff recruitment and training costs</td>
<td>178</td>
<td>178</td>
<td>269</td>
<td>269</td>
</tr>
</tbody>
</table>
Notes to and forming part of the financial statements
For the year ended 30 June 2010

2. Expenses (continued)

<table>
<thead>
<tr>
<th></th>
<th>Parent 2010 $'000</th>
<th>Consolidated 2010 $'000</th>
<th>Parent 2009 $'000</th>
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</thead>
<tbody>
<tr>
<td>Administration</td>
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<tr>
<td>Printing and stationery</td>
<td>106</td>
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<tr>
<td>Telephones</td>
<td>102</td>
<td>102</td>
<td>95</td>
<td>95</td>
</tr>
<tr>
<td>Postage and courier</td>
<td>5</td>
<td>5</td>
<td>8</td>
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<tr>
<td>Travel</td>
<td>203</td>
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<td>231</td>
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<tr>
<td>Insurance</td>
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<td>1</td>
<td>1</td>
<td>1</td>
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<tr>
<td>Others</td>
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<tr>
<td></td>
<td><strong>3,449</strong></td>
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<td><strong>4,479</strong></td>
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</tr>
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</table>

Other Operating Expenses include maintenance expenses of $17K (2009 - $20K). No employee related expenses are included in maintenance expenses and property, plant and equipment.

(c) Depreciation & Amortisation Expenses

<table>
<thead>
<tr>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Depreciation (Note 9)</td>
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</tr>
<tr>
<td>Leasehold Improvements</td>
<td>-</td>
<td>-</td>
<td>187</td>
<td>187</td>
</tr>
<tr>
<td>Plant and equipment</td>
<td>84</td>
<td>84</td>
<td>95</td>
<td>95</td>
</tr>
<tr>
<td></td>
<td><strong>84</strong></td>
<td><strong>84</strong></td>
<td><strong>282</strong></td>
<td><strong>282</strong></td>
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<tr>
<td>Amortisation (Note 10)</td>
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<tr>
<td>Computer systems</td>
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<tr>
<td></td>
<td><strong>406</strong></td>
<td><strong>406</strong></td>
<td><strong>604</strong></td>
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</tr>
</tbody>
</table>

3. Revenues

(a) Sale of Services

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Rendering of services</td>
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<td>105</td>
<td>36</td>
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<tr>
<td></td>
<td>105</td>
<td>105</td>
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</table>

(b) Investment revenue

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on bank balance</td>
<td>79</td>
<td>79</td>
<td>97</td>
<td>97</td>
</tr>
<tr>
<td></td>
<td>79</td>
<td>79</td>
<td>97</td>
<td>97</td>
</tr>
</tbody>
</table>

(c) Other

Other $761K (2009 $874K) comprises employee benefits and other liabilities assumed by the Crown.
4. Appropriations

<table>
<thead>
<tr>
<th>Recurrent appropriations</th>
<th>Parent 2010 $’000</th>
<th>Consolidated 2010 $’000</th>
<th>Parent 2009 $’000</th>
<th>Consolidated 2009 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total recurrent drawdowns from NSW Treasury (per Summary of Compliance)</td>
<td>14,587</td>
<td>14,587</td>
<td>15,186</td>
<td>15,186</td>
</tr>
<tr>
<td>Less: Liability to Consolidated Fund (per Summary of Compliance)</td>
<td>(277)</td>
<td>(277)</td>
<td>(5)</td>
<td>(5)</td>
</tr>
<tr>
<td>Recurrent appropriations (per Statement of Comprehensive Income)</td>
<td>14,310</td>
<td>14,310</td>
<td>15,181</td>
<td>15,181</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Capital appropriations</th>
<th>Total capital drawdowns from NSW Treasury (per Summary of Compliance)</th>
<th>-</th>
<th>-</th>
<th>100</th>
<th>100</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less: Liability to Consolidated Fund (per Summary of Compliance)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Capital appropriations (per Statement of Comprehensive Income)</td>
<td>-</td>
<td>-</td>
<td>100</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

5. Acceptance by the Crown Entity of employee benefits and other liabilities

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

<table>
<thead>
<tr>
<th>Superannuation</th>
<th>-</th>
<th>305</th>
<th>-</th>
<th>453</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long service leave</td>
<td>-</td>
<td>439</td>
<td>-</td>
<td>398</td>
</tr>
<tr>
<td>Payroll tax on superannuation (Note 17)</td>
<td>-</td>
<td>17</td>
<td>-</td>
<td>23</td>
</tr>
<tr>
<td>Total</td>
<td>-</td>
<td>761</td>
<td>-</td>
<td>874</td>
</tr>
</tbody>
</table>
Notes to and forming part of the financial statements
For the year ended 30 June 2010

6. Service Groups

Service Group 49.1 – Rail Safety Regulation
Description: This service group delivers accreditation and enforcement of safety requirements, policy and legal advice, monitoring of safety performance, projects to implement safety initiatives and leadership and participation in national rail safety reforms.

Service Group 49.2 – Transport Safety Advice
Description: This service group covers the provision of safety advice to Government and industry, and safety performance information for the community. It also covers ITSRR’s leadership role to facilitate improvements to transport safety regulatory frameworks with the Ministry of Transport and the Maritime Authority of New South Wales.

Service Group 49.3 – Transport Service Reliability Advice
Description: This service group provides monitoring, analysis and reporting services to the Government and the public on the publicly funded transport network.

7. Cash and cash equivalents

<table>
<thead>
<tr>
<th></th>
<th>Parent 2010 $’000</th>
<th>Consolidated 2010 $’000</th>
<th>Parent 2009 $’000</th>
<th>Consolidated 2009 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at bank and on hand</td>
<td>2,204</td>
<td>2,204</td>
<td>2,369</td>
<td>2,369</td>
</tr>
<tr>
<td></td>
<td>2,204</td>
<td>2,204</td>
<td>2,369</td>
<td>2,369</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Parent 2010 $’000</th>
<th>Consolidated 2010 $’000</th>
<th>Parent 2009 $’000</th>
<th>Consolidated 2009 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at bank and on hand</td>
<td>2,204</td>
<td>2,204</td>
<td>2,369</td>
<td>2,369</td>
</tr>
<tr>
<td>Closing cash and cash equivalents (per Statement of Cash Flows)</td>
<td>2,204</td>
<td>2,204</td>
<td>2,369</td>
<td>2,369</td>
</tr>
</tbody>
</table>

8. Receivables

<table>
<thead>
<tr>
<th></th>
<th>Parent 2010 $’000</th>
<th>Consolidated 2010 $’000</th>
<th>Parent 2009 $’000</th>
<th>Consolidated 2009 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale of Goods and Services</td>
<td>138</td>
<td>138</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Goods and Services Tax - recoverable</td>
<td>34</td>
<td>34</td>
<td>65</td>
<td>65</td>
</tr>
<tr>
<td>Investment Revenue Receivable</td>
<td>47</td>
<td>47</td>
<td>34</td>
<td>34</td>
</tr>
<tr>
<td>Goods and Services Tax on accruals</td>
<td>36</td>
<td>36</td>
<td>77</td>
<td>77</td>
</tr>
<tr>
<td></td>
<td>255</td>
<td>255</td>
<td>176</td>
<td>176</td>
</tr>
<tr>
<td>Less: Allowance for Impairment</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>255</td>
<td>255</td>
<td>176</td>
<td>176</td>
</tr>
<tr>
<td>Prepayments</td>
<td>81</td>
<td>81</td>
<td>18</td>
<td>18</td>
</tr>
<tr>
<td></td>
<td>336</td>
<td>336</td>
<td>194</td>
<td>194</td>
</tr>
</tbody>
</table>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 21.
9. Property, plant & equipment

<table>
<thead>
<tr>
<th></th>
<th>Parent 2010 $’000</th>
<th>Consolidated 2010 $’000</th>
<th>Parent 2009 $’000</th>
<th>Consolidated 2009 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasehold Improvements</td>
<td>1,157</td>
<td>1,157</td>
<td>1,157</td>
<td>1,157</td>
</tr>
<tr>
<td>Less: Accumulated depreciation</td>
<td>1,157</td>
<td>1,157</td>
<td>1,157</td>
<td>1,157</td>
</tr>
<tr>
<td>Net carrying amount at fair value</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Plant and equipment</td>
<td>707</td>
<td>707</td>
<td>648</td>
<td>648</td>
</tr>
<tr>
<td>Less: Accumulated depreciation</td>
<td>508</td>
<td>508</td>
<td>423</td>
<td>423</td>
</tr>
<tr>
<td>Net carrying amount at fair value</td>
<td>199</td>
<td>199</td>
<td>225</td>
<td>225</td>
</tr>
<tr>
<td>At gross carrying amount</td>
<td>1,864</td>
<td>1,864</td>
<td>1,805</td>
<td>1,805</td>
</tr>
<tr>
<td>Less: Accumulated depreciation</td>
<td>1,665</td>
<td>1,665</td>
<td>1,580</td>
<td>1,580</td>
</tr>
<tr>
<td>Net carrying amount at fair value</td>
<td>199</td>
<td>199</td>
<td>225</td>
<td>225</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Leasehold Improvements $’000</th>
<th>Plant &amp; Equipment $’000</th>
<th>Total $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year Ended 30 June 2010 Carrying amount at 1 July 2009</td>
<td>-</td>
<td>225</td>
<td>225</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>58</td>
<td>58</td>
</tr>
<tr>
<td>Depreciation expense (Note 2 (c))</td>
<td>-</td>
<td>(84)</td>
<td>(84)</td>
</tr>
<tr>
<td>Carrying amount at 30 June 2010</td>
<td>-</td>
<td>199</td>
<td>199</td>
</tr>
<tr>
<td>Year Ended 30 June 2009 Carrying amount at 1 July 2008</td>
<td>187</td>
<td>243</td>
<td>430</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>77</td>
<td>77</td>
</tr>
<tr>
<td>Depreciation expense (Note 2 (c))</td>
<td>(187)</td>
<td>(95)</td>
<td>(282)</td>
</tr>
<tr>
<td>Carrying amount at 30 June 2009</td>
<td>-</td>
<td>225</td>
<td>225</td>
</tr>
</tbody>
</table>
Notes to and forming part of the financial statements
For the year ended 30 June 2010

10. Intangible assets

<table>
<thead>
<tr>
<th></th>
<th>Parent 2010 $'000</th>
<th>Consolidated 2010 $'000</th>
<th>Parent 2009 $'000</th>
<th>Consolidated 2009 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer systems</td>
<td>1,702</td>
<td>1,702</td>
<td>1,702</td>
<td>1,702</td>
</tr>
<tr>
<td>Accumulated amortisation</td>
<td>1,094</td>
<td>1,094</td>
<td>772</td>
<td>772</td>
</tr>
<tr>
<td>Net carrying amount at fair value</td>
<td>608</td>
<td>608</td>
<td>930</td>
<td>930</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2010 $'000</th>
<th>2009 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrying amount at 1 July</td>
<td>930</td>
<td>1,157</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>95</td>
</tr>
<tr>
<td>Amortisation expense (Note 2 (c))</td>
<td>(322)</td>
<td>(322)</td>
</tr>
<tr>
<td>Carrying amount at 30 June</td>
<td>608</td>
<td>930</td>
</tr>
</tbody>
</table>

11. Payables

<table>
<thead>
<tr>
<th></th>
<th>Parent 2010 $'000</th>
<th>Consolidated 2010 $'000</th>
<th>Parent 2009 $'000</th>
<th>Consolidated 2009 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creditors</td>
<td>1,783</td>
<td>121</td>
<td>1,949</td>
<td>59</td>
</tr>
<tr>
<td>Accruals</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries</td>
<td>-</td>
<td>300</td>
<td>-</td>
<td>532</td>
</tr>
<tr>
<td>Others</td>
<td>359</td>
<td>359</td>
<td>766</td>
<td>766</td>
</tr>
<tr>
<td>Goods and Services Tax on accruals</td>
<td>36</td>
<td>36</td>
<td>77</td>
<td>77</td>
</tr>
<tr>
<td></td>
<td>2,178</td>
<td>816</td>
<td>2,792</td>
<td>1,434</td>
</tr>
</tbody>
</table>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 21.


<table>
<thead>
<tr>
<th></th>
<th>Parent 2010 $'000</th>
<th>Consolidated 2010 $'000</th>
<th>Parent 2009 $'000</th>
<th>Consolidated 2009 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recreation leave</td>
<td>-</td>
<td>999</td>
<td>-</td>
<td>1,013</td>
</tr>
<tr>
<td>Salary on costs</td>
<td>-</td>
<td>363</td>
<td>-</td>
<td>345</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>1,362</td>
<td>-</td>
<td>1,358</td>
</tr>
<tr>
<td>Aggregate employee benefits and related on-costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provisions - recreation leave</td>
<td>-</td>
<td>999</td>
<td>-</td>
<td>1,013</td>
</tr>
<tr>
<td>Accrued salaries and on-costs</td>
<td>-</td>
<td>663</td>
<td>-</td>
<td>877</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>1,662</td>
<td>-</td>
<td>1,890</td>
</tr>
</tbody>
</table>
13. Commitments for expenditure

(a) Capital Commitments

The agency had no capital commitments at balance date (2009 - nil).

(b) Other Expenditure Commitments

<table>
<thead>
<tr>
<th>Aggregate other expenditure contracted at balance date and not provided for:</th>
<th>Parent 2010 $’000</th>
<th>Consolidated 2010 $’000</th>
<th>Parent 2009 $’000</th>
<th>Consolidated 2009 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not later than one year</td>
<td>70</td>
<td>70</td>
<td>37</td>
<td>37</td>
</tr>
<tr>
<td>Later than one year but not later than five years</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Later than five years</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total (including GST)</td>
<td>70</td>
<td>70</td>
<td>37</td>
<td>37</td>
</tr>
</tbody>
</table>

(c) Operating Lease Commitments

<table>
<thead>
<tr>
<th>Future non-cancellable operating lease rentals not provided for:</th>
<th>Parent 2010 $’000</th>
<th>Consolidated 2010 $’000</th>
<th>Parent 2009 $’000</th>
<th>Consolidated 2009 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not later than one year</td>
<td>1,215</td>
<td>1,215</td>
<td>1,224</td>
<td>1,224</td>
</tr>
<tr>
<td>Later than one year but not later than five years</td>
<td>2,145</td>
<td>2,145</td>
<td>3,249</td>
<td>3,249</td>
</tr>
<tr>
<td>Later than five years</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total (including GST)</td>
<td>3,360</td>
<td>3,360</td>
<td>4,473</td>
<td>4,473</td>
</tr>
</tbody>
</table>

The agency leases its motor vehicles and office accommodation. Input tax on all commitments estimated at $311K (2009 - $410K) will be recouped from the Australian Taxation Office.
Notes to and forming part of the financial statements
For the year ended 30 June 2010

14. Contingent liabilities and contingent assets

Contingent Liabilities
The agency had no contingent liabilities as at balance date (2009 – nil).

Contingent Assets
The agency had no contingent assets as at balance date (2009 – nil).

15. Budget review

Net Cost of Services
The following table reconciles the net cost of services and Consolidated Fund recurrent allocation as per the approved budget to the corresponding actuals in the Statement of Comprehensive Income.

<table>
<thead>
<tr>
<th>Year ended 30 June 2010 (Consolidated)</th>
<th>Net Cost of Services $’000</th>
<th>Recurrent Allocation $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cost of services/ allocation as per the budget papers</td>
<td>16,886</td>
<td>15,785</td>
</tr>
<tr>
<td>Less: SES officers’ salary reduction</td>
<td>(497)</td>
<td>(497)</td>
</tr>
<tr>
<td>Budget net cost of services/ allocation as per the statement of Comprehensive Income</td>
<td>16,389</td>
<td>15,288</td>
</tr>
<tr>
<td>Less: Legal fees savings (Treasury protected item)</td>
<td>(701)</td>
<td>(701)</td>
</tr>
<tr>
<td>Contractors and other expenses savings</td>
<td>(588)</td>
<td>-</td>
</tr>
<tr>
<td>Liability to Consolidated Fund</td>
<td>-</td>
<td>(277)</td>
</tr>
<tr>
<td>Actual net cost of services/ allocation as per the Statement of Comprehensive Income</td>
<td>15,100</td>
<td>14,310</td>
</tr>
</tbody>
</table>

Assets and Liabilities
The main changes in the Statement of Financial Position are set out below:

- **Cash** was $210K lower than the budget due to net reduction in current liabilities of $337K and net increase in receivables of $137K.
- **Receivables** included amounts owing of $137K for services to be provided in 2010-11.
- **Accounts payable and provisions** were $614K lower than the budget due mainly to decreases in salary accruals which were paid in 2009-10.
16. Reconciliation of cash flows from operating activities to net cost of services as reported in the statement of comprehensive income

<table>
<thead>
<tr>
<th></th>
<th>Parent 2010 $'000</th>
<th>Consolidated 2010 $'000</th>
<th>Parent 2009 $'000</th>
<th>Consolidated 2009 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Cash flows from Operating Activities</td>
<td>(107)</td>
<td>(107)</td>
<td>356</td>
<td>356</td>
</tr>
<tr>
<td>Government Contributions</td>
<td>(14,582)</td>
<td>(14,582)</td>
<td>(15,128)</td>
<td>(15,128)</td>
</tr>
<tr>
<td>Acceptance by the Crown Entity of Employee Entitlements</td>
<td>-</td>
<td>(.761)</td>
<td>-</td>
<td>(874)</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>(406)</td>
<td>(406)</td>
<td>(604)</td>
<td>(604)</td>
</tr>
<tr>
<td>Decrease in receivables</td>
<td>(1)</td>
<td>(1)</td>
<td>(6)</td>
<td>(6)</td>
</tr>
<tr>
<td>Decrease/(Increase) in creditors and accruals</td>
<td>466</td>
<td>466</td>
<td>(160)</td>
<td>(160)</td>
</tr>
<tr>
<td>Increase in prepayments</td>
<td>63</td>
<td>63</td>
<td>18</td>
<td>18</td>
</tr>
<tr>
<td>Decrease/(Increase) in salaries and provisions</td>
<td>228</td>
<td>228</td>
<td>(140)</td>
<td>(140)</td>
</tr>
<tr>
<td>Net Cost of Services</td>
<td>(14,339)</td>
<td>(15,100)</td>
<td>(15,664)</td>
<td>(16,538)</td>
</tr>
</tbody>
</table>

17. Non-cash financing and investing activities

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

<table>
<thead>
<tr>
<th>Employees’ entitlements and liabilities assumed by the Crown Entity (Note 5)</th>
<th>-</th>
<th>761</th>
<th>-</th>
<th>874</th>
</tr>
</thead>
</table>

18. Administered assets and liabilities

<table>
<thead>
<tr>
<th>Administered Assets</th>
<th>Receivables’</th>
<th>-</th>
<th>-</th>
<th>30</th>
<th>30</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total Administered Assets</td>
<td>-</td>
<td>-</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>Administered Liabilities</td>
<td>Receivables’</td>
<td>-</td>
<td>-</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>Total Administered Liabilities</td>
<td>-</td>
<td>-</td>
<td>30</td>
<td>30</td>
</tr>
</tbody>
</table>

* Receivables and payables relate to Crown revenue (rail accreditation fees) not yet collected.
Notes to and forming part of the financial statements  
For the year ended 30 June 2010

19. Administered revenue – schedule of uncollected amounts

<table>
<thead>
<tr>
<th></th>
<th>Parent 2010 $'000</th>
<th>Consolidated 2010 $'000</th>
<th>Parent 2009 $'000</th>
<th>Consolidated 2009 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uncollected administered revenue</td>
<td>-</td>
<td>-</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>30</td>
<td>30</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>&lt;90 days $'000</th>
<th>&gt;90 days $'000</th>
<th>Total $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receivables – rail accreditation fees - 2010</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Receivables – rail accreditation fees - 2009</td>
<td>-</td>
<td>30</td>
<td>30</td>
</tr>
</tbody>
</table>

20. Administered revenue

<table>
<thead>
<tr>
<th></th>
<th>Parent 2010 $'000</th>
<th>Consolidated 2010 $'000</th>
<th>Parent 2009 $'000</th>
<th>Consolidated 2009 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crown revenue collected and remitted to Crown Entity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rail accreditation fees</td>
<td>3,343</td>
<td>3,343</td>
<td>3,428</td>
<td>3,428</td>
</tr>
<tr>
<td>Fines</td>
<td>2</td>
<td>2</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>3,345</td>
<td>3,345</td>
<td>3,428</td>
<td>3,428</td>
</tr>
</tbody>
</table>

Administered revenue comprises revenue collected on behalf of the Crown Entity.
21. Financial instruments

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

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

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

(a) Financial Instruments categories

<table>
<thead>
<tr>
<th>Note</th>
<th>Category</th>
<th>Carrying amount 2010 $’000</th>
<th>Carrying amount 2009 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>Cash and cash equivalents</td>
<td>2,204</td>
<td>2,369</td>
</tr>
<tr>
<td>8</td>
<td>Receivables</td>
<td>185</td>
<td>34</td>
</tr>
<tr>
<td>11</td>
<td>Payables</td>
<td>659</td>
<td>1,357</td>
</tr>
<tr>
<td>4</td>
<td>Liability to Consolidated Fund</td>
<td>277</td>
<td>5</td>
</tr>
</tbody>
</table>

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

(b) Credit Risk

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

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

Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate, adjusted for a management fee to NSW Treasury.
Notes to and forming part of the financial statements
For the year ended 30 June 2010

21. Financial instruments (continued)

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

The agency is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. At the balance date the agency’s debtors are not considered impaired.

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

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

(d) Market risk

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

Interest Rate Risk

Interest rate risk is the risk that the value of the financial instruments will fluctuate due to changes in market interest rates. The interest rate earned on the agency’s bank balances is determined by Treasury after taking into account the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate less a management fee.

The agency’s exposure to interest rate risk is immaterial. The exposure to interest rate risk is set out below. The interest rate band of +/- 1% was advised by Treasury.

<table>
<thead>
<tr>
<th>Interest rate changes 2010</th>
<th>Carrying amount</th>
<th>-1%</th>
<th>+1%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Profit $’000</td>
<td>Equity $’000</td>
<td>Profit $’000</td>
</tr>
<tr>
<td>Financial Assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>2,204 (23)</td>
<td>(23)</td>
<td>23</td>
</tr>
<tr>
<td>Receivables</td>
<td>185</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>2,389 (23)</td>
<td>(23)</td>
<td>23</td>
</tr>
<tr>
<td>Financial Liabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payable</td>
<td>659</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Liability to Cons Fund</td>
<td>277</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>936</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Interest rate changes 2009</th>
<th>Carrying amount</th>
<th>-1%</th>
<th>+1%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Profit $’000</td>
<td>Equity $’000</td>
<td>Profit $’000</td>
</tr>
<tr>
<td>Financial Assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>2,369 (21)</td>
<td>(21)</td>
<td>21</td>
</tr>
<tr>
<td>Receivables</td>
<td>34</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>2,403 (21)</td>
<td>(21)</td>
<td>21</td>
</tr>
<tr>
<td>Financial Liabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payable</td>
<td>1,357</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Liability to Cons Fund</td>
<td>5</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>1,362</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

The carrying values of the agency’s financial instruments as set out in the table above are deemed to be equivalent to their fair value.
Notes to and forming part of the financial statements
For the year ended 30 June 2010

21. Financial instruments (continued)

### Financial Instruments

<table>
<thead>
<tr>
<th>Financial Instruments</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>2010 $'000</td>
<td>2009 $'000</td>
<td>2010 $'000</td>
<td>2009 $'000</td>
</tr>
<tr>
<td>Financial Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>2,204</td>
<td>2,369</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Receivables</td>
<td>-</td>
<td>-</td>
<td>185</td>
<td>34</td>
</tr>
<tr>
<td>Total</td>
<td>2,204</td>
<td>2,369</td>
<td>185</td>
<td>34</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>936</td>
<td>1,362</td>
</tr>
<tr>
<td>Total</td>
<td>-</td>
<td>-</td>
<td>936</td>
<td>1,362</td>
</tr>
</tbody>
</table>

22. After balance date events

Following the passing of the *Transport Administration Amendment Act 2010* the Independent Transport Safety and Reliability Regulator changed its name to Independent Transport Safety Regulator with effect from 1 July 2010. As a result, the transport reliability reporting and advice function has been transferred to Transport NSW. As at 20 October 2010 there has been no transfer of assets or liabilities to Transport NSW.

In addition, following amendments to the *Passenger Transport Act 1990*, the Director General of Transport NSW can arrange for Independent Transport Safety Regulator to assist in the exercise of (or exercise by way of delegation) the Director General’s passenger transport safety functions under that Act.

End of audited financial statements
The following pages provide detailed financial information for the Independent Transport Safety and Reliability Regulator Division, a special purpose entity created under the Public Sector Employment Legislation Amendment Act 2006 to provide personnel services to the statutory corporation.
Statement by Chief Executive
For the year ended 30 June 2010

Pursuant to section 41C (1B) of the Public Finance and Audit Act 1983, I state that:

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

(b) The statements exhibit a true and fair view of the financial position and transactions of the Independent Transport Safety and Reliability Regulator Division; and

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

Chief Executive
Date: 20 October 2010
Independent auditor’s report
For the year ended 30 June 2010

INDEPENDENT AUDITOR’S REPORT

Independent Transport Safety and Reliability Regulator Division

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Independent Transport Safety and Reliability Regulator Division (the Division), which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Auditor’s Opinion

In my opinion, the financial statements:

- presents fairly, in all material respects, the financial position of the Division as of 30 June 2010, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 418 of the Public Finance and Audit Act 1983 (the PFRA Act) and the Public Finance and Audit Regulation 2010.

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

Chief Executive Officer’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. My opinion does not provide assurance:

• about the future viability of the Division,
• that it has carried out its activities effectively, efficiently and economically, or
• about the effectiveness of its internal controls.

Independence

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

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

Peter Costi Georgiou
Director, Financial Audit Services

20 October 2010
SYDNEY
Statement of comprehensive income
For the year ended 30 June 2010

<table>
<thead>
<tr>
<th></th>
<th>Notes</th>
<th>Actual 2010 $’000</th>
<th>Actual 2009 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel services</td>
<td>3</td>
<td>11,429</td>
<td>11,588</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td></td>
<td>11,429</td>
<td>11,588</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee related</td>
<td>2</td>
<td>11,429</td>
<td>11,588</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td></td>
<td>11,429</td>
<td>11,588</td>
</tr>
<tr>
<td>(DEFICIT)/SURPLUS FOR THE YEAR</td>
<td></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL COMPREHENSIVE INCOME FOR YEAR</strong></td>
<td></td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

The accompanying notes form part of these statements.

Statement of changes in equity
For the year ended 30 June 2010

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>Actual 2010 $’000</th>
<th>Actual 2009 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 1 July</td>
<td></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>(Deficit)/surplus for the year</td>
<td></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive income for the year</td>
<td></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Balance at 30 June</td>
<td></td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

The accompanying notes form part of these statements.
Statement of financial position
As at 30 June 2010

<table>
<thead>
<tr>
<th>Notes</th>
<th>Actual 2010 $'000</th>
<th>Actual 2009 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables</td>
<td>4</td>
<td>1,662</td>
</tr>
<tr>
<td>Total Assets</td>
<td></td>
<td>1,662</td>
</tr>
<tr>
<td>LIABILITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td>5</td>
<td>300</td>
</tr>
<tr>
<td>Provisions</td>
<td>6</td>
<td>1,362</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td></td>
<td>1,662</td>
</tr>
<tr>
<td>Net Assets</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>EQUITY</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated funds</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Total Equity</td>
<td></td>
<td>-</td>
</tr>
</tbody>
</table>

The accompanying notes form part of these statements.

Statement of cash flows
For the year ended 30 June 2010

<table>
<thead>
<tr>
<th></th>
<th>Actual 2010 $'000</th>
<th>Actual 2009 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net change in Cash</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Opening cash and cash equivalents</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Closing cash and cash equivalents</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

The accompanying notes form part of these statements.
Notes to and forming part of the financial statements
For the year ended 30 June 2010

1. Summary of significant accounting policies

(a) Reporting entity

The Independent Transport Safety and Reliability Regulator Division is a Division of the Government Service, established pursuant to Part 2 of Schedule 1 to the Public Sector Employment and Management Act 2002. It is a not-for-profit entity as profit is not its principal objective. It is consolidated as part of the NSW Total State Sector Accounts. It is domiciled in Australia and its principal office is at Level 22, 201 Elizabeth Street, Sydney. The principal objective of this Division is to provide personnel services to the Independent Transport Safety and Reliability Regulator.

The Independent Transport Safety and Reliability Regulator Division commenced operations on 17 March 2006 when it assumed responsibility for the employees and employee-related liabilities of the Independent Transport Safety and Reliability Regulator.

The financial statements were authorised for issue by the Chief Executive of the Independent Transport Safety and Reliability Regulator on 20 October 2010. The report will not be amended and reissued as it has been audited.

(b) Basis of preparation

These are general purpose financial statements prepared in accordance with the requirements of Australian Accounting Standards, the Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2005, and specific directions issued by the Treasurer.

Generally, the historical cost basis of accounting has been adopted and the financial statements do not take into account changing money values or current valuations. However, certain provisions are measured at fair value (Note 6).

The accrual basis of accounting has been adopted in the preparation of the financial report. Management’s judgements, key assumptions and estimates are disclosed in the relevant notes to the financial report.

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

(c) Income

Income is measured at the fair value of the consideration received or receivable. Revenue from the rendering of personnel services is recognised when the service is provided and only to the extent that the associated recoverable expenses are recognised.

(d) Receivables

A receivable is recognised when it is probable that the future cash inflows associated with it will be realised and it has a value that can be measured reliably. It is derecognised when the contractual or other rights to future cash flows from it expire or are transferred.

A receivable is measured initially at fair value and subsequently at amortised cost using the effective interest rate method, less any allowance for impairment of receivables. A short-term receivable with no stated interest rate is measured at the original invoice amount where the effect of discounting is immaterial. An invoiced receivable is due for settlement within thirty days of invoicing.

If there is objective evidence at year end that a receivable may not be collectable, its carrying amount is reduced by means of an allowance for doubtful debts and the resulting loss is recognised in the Statement of Comprehensive Income. Receivables are monitored during the year and bad debts are written off against the allowance when they are determined to be irrecoverable. Any other loss or gain arising when a receivable is derecognised is also recognised in the Statement of Comprehensive Income.

(e) Payables

Payables include accrued wages, salaries, and related on costs (such as payroll tax, fringe benefits tax and workers’ compensation insurance) where there is certainty as to the amount and timing of settlement.

A payable is recognised when a present obligation arises under a contract or otherwise. It is derecognised when the obligation expires or is discharged, cancelled or substituted. A short-term payable with no stated interest rate is measured at historical cost if the effect of discounting is immaterial.
Notes to and forming part of the financial statements
For the year ended 30 June 2010

(f) Employee benefit provisions and expenses
Provisions are made for liabilities of uncertain amounts or uncertain timing of settlement.

Employee benefit provisions represent expected amounts payable in the future in respect of unused entitlements accumulated as at the reporting date. Liabilities associated with, but that are not, employee benefits (such as payroll tax) are recognised separately.

Superannuation and leave liabilities are recognised as expenses and provisions when the obligations arise, which is usually through the rendering of service by employees.

Long-term annual leave (ie that is not expected to be taken within twelve months) is measured at present value using a discount rate equal to the market yield on government bonds.

Superannuation and long service leave provisions are actuarially assessed prior to each reporting date and are measured at the present value of the estimated future payments.

All other employee benefit liabilities (ie for benefits falling due wholly within twelve months after reporting date) are assessed by management and are measured at the undiscounted amount of the estimated future payments. The amount recognised for superannuation and long service leave provisions is the net total of the present value of the defined benefit obligation at the reporting date, minus the fair value at that date of any plan assets out of which the obligations are to be settled directly.

The amount recognised in the statement of comprehensive income for superannuation and long service leave is the net total of current service cost, interest cost, the expected return on any plan assets, and actuarial gains and losses. Actuarial gains or losses are recognised as income or expense in the year they occur.

The actuarial assessment of superannuation and long service leave provisions uses the Projected Unit Credit Method and reflects estimated future salary increases and the benefits set out in the terms of the plan. The liabilities are discounted using the market yield rate on government bonds of similar maturity to those obligations. Actuarial assumptions are unbiased and mutually compatible and financial assumptions are based on market expectations for the period over which the obligations are to be settled.

(g) Comparative Information
Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

(h) New Australian Accounting Standards issued but not effective
The International Accounting Standards Board (IASB) has completed the third “Annual Improvements” cycle and issued the latest “improvements to International Financial Reporting Standards (IFRS)”. The amendments will generally apply to financial reporting periods beginning on or after 1 January 2011 with early adoption permitted. Most of the changes are minor in nature and focus on clarifying existing reporting requirements.

The AASB is expected to approve the improvements project standard at its next meeting.

These changes are not expected to significantly impact on these financial statements.
2. Expenses

<table>
<thead>
<tr>
<th>Employee related</th>
<th>2010 $’000</th>
<th>2009 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries (including recreation leave)</td>
<td>9,203</td>
<td>9,397</td>
</tr>
<tr>
<td>Superannuation - defined benefits plan</td>
<td>305</td>
<td>397</td>
</tr>
<tr>
<td>Superannuation - defined contribution plan</td>
<td>614</td>
<td>587</td>
</tr>
<tr>
<td>Long service leave</td>
<td>439</td>
<td>453</td>
</tr>
<tr>
<td>Workers' compensation insurance</td>
<td>58</td>
<td>70</td>
</tr>
<tr>
<td>Payroll tax and fringe benefits tax</td>
<td>660</td>
<td>684</td>
</tr>
<tr>
<td>Redundancies</td>
<td>150</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td><strong>11,429</strong></td>
<td><strong>11,588</strong></td>
</tr>
</tbody>
</table>

3. Income

Personnel services                  

<table>
<thead>
<tr>
<th>Personnel services</th>
<th>2010 $’000</th>
<th>2009 $’000</th>
</tr>
</thead>
</table>

|                                  | 11,429     | 11,588     |

4. Receivables

Current receivables

<table>
<thead>
<tr>
<th>Current receivables</th>
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<tbody>
<tr>
<td>Debtors</td>
<td>1,662</td>
<td>1,890</td>
</tr>
<tr>
<td></td>
<td><strong>1,662</strong></td>
<td><strong>1,890</strong></td>
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</table>

5. Payables

Current payables

<table>
<thead>
<tr>
<th>Current payables</th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accruals - salaries and oncosts</td>
<td>300</td>
<td>532</td>
</tr>
<tr>
<td></td>
<td><strong>300</strong></td>
<td><strong>532</strong></td>
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</table>


Current provisions

<table>
<thead>
<tr>
<th>Current provisions</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Recreation leave</td>
<td>999</td>
<td>1,013</td>
</tr>
<tr>
<td>Other</td>
<td>363</td>
<td>345</td>
</tr>
<tr>
<td></td>
<td><strong>1,362</strong></td>
<td><strong>1,358</strong></td>
</tr>
</tbody>
</table>

7. After balance date events

Following the passing of the Transport Administration Amendment Act 2010 the Independent Transport Safety and Reliability Regulator Division changed its name to Independent Transport Safety Regulator Division with effect from 1 July 2010.

End of audited financial statements
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1. Accredited rail transport operators in NSW

The following list details the names of the 63 accredited rail transport operators in NSW, as at 30 June 2010.

3801 Limited  
Australia Western Railroad Pty Ltd  
Australian Rail Track Corporation  
Australian Railway Historical Society (ACT Div)  
Blue Circle Southern Cement  
Blue Scope Steel (AIS) Pty Ltd  
Bradken Rail  
Campbelltown Steam and Machinery Museum  
Cooma-Monaro Railway Inc  
Dorrigo Steam Railway & Museum Limited  
Downer EDI Rail Pty Ltd  
Downer EDI Works Pty Ltd  
El Zorro Transport Pty Ltd  
Fluor Australia Pty Ltd  
Freightliner Australia Pty Ltd  
Gemco Rail Pty Ltd  
Genesee & Wyoming Australia Pty Ltd  
Goulburn Crookwell Heritage Railway Inc  
GrainCorp Operations  
Great Southern Rail  
Guyra & District Historical Society Machinery Group  
Illawarra Light Railway Museum Society Ltd  
Independent Railways of Australia Pty Limited  
Interail Australia Pty Ltd  
John Holland Pty Ltd  
Junee Railway Workshop Pty Ltd  
Lachlan Valley Railway Society Co-op Ltd  
Laing O’Rourke (BMC) Pty Ltd  
Laing O’Rourke Australia Construction Pty Ltd  
Lake Macquarie Light Rail  
Leighton Contractors Pty Ltd  
Manildra Group  
Millennium Parklands Railway  
Museum of Applied Arts and Sciences  
MVM Rail  
New England Railway Inc  
NSW Rail Transport Museum  
Oberon Tarana Heritage Railway Inc  
OneSteel Manufacturing  
Pacific National Pty Ltd  
Patrick Portlink Pty Ltd  
Perisher Blue Pty Ltd  
POTA Holdings Pty Limited  
Queensland Rail  
RailCorp  
Richmond Vale Preservation Co-op Society Ltd  
SCT Logistics - Twentieth Super Pace Nominees Pty Ltd  
South Maitland Railways Pty Ltd  
South Spur Rail Services Pty Ltd  
Southern Shorthaul Railroad  
Speno Rail Maintenance Australia Pty Ltd  
Steam Tram & Rail Preservation (Co-op) Society Ltd  
Sydney Tramway Museum  
Taylor Rail Australia Pty Ltd  
The Rail Motor Society Inc  
Transfield Services Australia  
Transport Construction Authority  
UGL Rail Services Limited  
United Group Infrastructure Pty Ltd  
V/Line Passenger Pty Ltd  
Veolia Transport - Light Rail  
Veolia Transport - Monorail  
Zig Zag Railway Co-op Ltd
2. Transport industry overview

ITSRR’s primary focus is on rail safety regulation. ITSRR also works in collaboration with NSW Transport and Infrastructure (NSWTI) and NSW Maritime to deliver better coordinated safety strategy, policy and regulation of rail, bus and ferry services. The following provides contextual information for regulated transport services in NSW.

Rail services

The rail industry in NSW is regulated for safety under the Rail Safety Act 2008 by ITSRR. The Act is consistent with national rail safety model legislation. Rail operators and organisations that construct or maintain infrastructure or rolling stock need to comply with the Act.

There are four heavy rail networks in NSW:

› The Metropolitan Rail Area (MRA) is centred in Sydney under the management and control of RailCorp. The MRA is mainly used by CityRail urban passenger trains and also services national freight transport.

› The Hunter Valley network is under the management and control of the Australian Rail Track Corporation (ARTC) and is mainly used for coal freight.

› The Defined Interstate Rail Network is under the management and control of the ARTC and is used primarily for industrial freight transport and long distance passenger train services, including CountryLink services.

› The Country Regional Network is under the management and control of the ARTC on behalf of Rail Infrastructure Corporation. The main traffic on this network is bulk commodities including grain, along with intra-state passenger services.

Passenger services are primarily provided by RailCorp’s CityRail. It provides around 2,700 services per weekday serving 307 stations. CountryLink, also owned by RailCorp, is the principal provider of long distance passenger services with twenty daily train services. Tourist and heritage railways also carry passengers on the rail networks and on isolated lines.

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

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

Bus, coach and charter services

Bus services are regulated for safety under the Passenger Transport Act 1990. NSWTI administers the Act. The Act requires bus, coach and charter operators to be accredited. Conditions of accreditation include a requirement to implement a safety management system.

Industry participants own bus depots and terminus facilities. Bus stops are owned by various organisations including local and state governments. Bus, coach and charter operators also undertake vehicle maintenance but do not build buses.

Bus services are defined as vehicles conveying passengers using buses along regular routes on journeys of less than 40km. Bus service operators are required to have a statutory contract issued by the Ministry of Transport. These contracts generally grant exclusive rights to operate in a particular area.

There are three sectors (metropolitan, outer metropolitan, and rural and regional) in the bus service segment. Bus service operators carry fare paying passengers on regular route services as well as school students between home and school.

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

Coach services convey passengers on buses along regular routes on journeys of more than 40km.

Charter services provide service for hire and convey passengers on buses operating non-scheduled services.

Ferry services


In NSW, ferry services include regular route and tourist services on Sydney Harbour, Parramatta River, Broken Bay, Port Hacking, Clarence River and Newcastle. The industry operates from wharves owned by various organisations, including ferry operators, local government and NSW Maritime. Ferry operators are required to hold a statutory contract awarded by NSW Maritime. Sydney Ferries, a NSW Government agency, is the dominant operator.
3. Safety data required of rail transport operators by ITSRR

Under the Rail Safety Act 2008 (section 63), rail transport operators are required to report to ITSRR, or another authority specified by ITSRR, all notifiable occurrences that happen on, or in relation to, the operator’s railway premises or railway operations.

Under the Rail Safety (General) Regulation 2008 (clause 27), such notifiable occurrence data includes:

**Category A:**
(a) an accident or incident that has caused death, serious injury or significant property damage
(b) a running line derailment
(c) a running line collision between rolling stock
(d) a collision at a road or pedestrian level crossing between rolling stock and either a motor vehicle or a person
(e) a fire or explosion on or in rail infrastructure or rolling stock that affects the safety of railway operations or that endangers one or more people
(f) a suspected terrorist attack
(g) any accident or incident involving a significant failure of a safety management system that could have caused death, serious injury or significant property damage
(h) the theft of or from rolling stock or railway premises of a rail transport operator of security sensitive dangerous goods (within the meaning of the Australian Dangerous Goods Code prepared by the National Transport Commission as in force on the commencement of this regulation) or the tampering with any such goods on rolling stock or railway premises of a rail transport operator
(i) any other accident or incident that is likely to generate intense public interest or concern.

**Category B:**
(a) a derailment, other than a running line derailment
(b) a collision involving rolling stock
(c) any accident or incident at a road or pedestrian level crossing arising from a failure of rail infrastructure or that caused a risk to safety or damage to a person or property
(d) the passing of a stop signal, or a signal with no indication, by rolling stock without authority
(e) any accident or incident where rolling stock exceeds the limits of authorised movement given in a proceed authority
(f) any failure of a signalling or communications system that endangers, or that has the potential to endanger, the safe operation of trains or the safety of people, or that causes or could cause damage to adjoining property
(g) any slip, trip or fall by a person on, to or from a train, railway track, railway bridge, station, platform, escalator, lift or stairs, or any person being caught in the door of any rolling stock
(h) any situation where a load affects, or could affect, the safe passage of trains or the safety of people, or causes or could cause damage to adjoining property
(i) any accident or incident involving dangerous goods that affects, or could affect, the safety of railway operations or the safety of people, or that causes or could cause damage to adjoining property
(j) any breach of a safe working system or procedure, or the detection of any irregularity or deficiency in such a system or procedure
(k) any irregularity in any rail infrastructure (including electrical infrastructure and any obstruction on a running line) that could affect the safety of railway operations or the safety of people
(l) any irregularity in any rolling stock that could affect the safe operation of the train or the safety of people, or cause damage to the rolling stock
(m) any fire or explosion that causes damage to rail infrastructure or rolling stock, or both, or that causes the disruption or closure of a railway (even if the closure is only a precautionary measure)
(n) any accident or incident on railway premises where a person inflicts, or is alleged to have inflicted, an injury on another person
(o) a suspected attempt to suicide
(p) if a rail safety worker employed by a rail transport operator has returned a result to a test designed to determine the concentration of alcohol or other drugs in a sample of blood or urine that suggests that the worker was in breach of a relevant safety requirement concerning the use of alcohol or other drugs at a relevant time
(q) the infliction of any wilful or unlawful damage to, or the defacement of, any rail infrastructure or rolling stock that could affect the safety of railway operations or the safety of people
(r) any accident or incident in a rail corridor that indicates that the security of the corridor is compromised and that affects, or may affect, the safety of railway operations.
4. ITSRR’S charter and aims

Under the Transport Administration Act 1988, the principal objective of ITSRR is to facilitate the safe operation of transport services in the state.

ITSRR also has the following statutory objectives:

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

ITSRR’s statutory framework, which articulates its charter, is on page 2. ITSRR’s aims are also outlined in its results logic on page 12.

5. Principal officers (executive management team)

ITSRR’s principal officers during 2009-10, comprised of the Executive Management Team. Their background details are outlined on page 9.

6. Performance and number of senior executive service officers

Statement of performance and pay for SES officers Level 5 and above

During 2009-10, ITSRR had two SES officers graded at Level 5 and above.

Achievements by staff appointed to positions graded at SES Level 5 and above are:

**Name:** Len Neist  
**Title:** Chief Executive  
**Remuneration:** $314,280 pa  
**Level:** SES Level 6  
**Performance pay:** Not applicable

**Performance achievements**

Mr Neist provided leadership for the successful management of each of the statutory functions of ITSRR.

These include the safety regulation of NSW rail passenger and freight services, strategic coordination of safety regulation across the transport modes of rail, bus and ferry services, and the provision of advice to government on the reliability of publicly-funded transport services.

**Significant achievements during the year included:**

› led the positioning of NSW that any determination regarding the model for a national rail safety regulator should not result in a lessening of the current levels of safety risk and regulatory oversight
› initiated and progressed the significant step of undertaking the first prosecution of an accredited rail transport operator
› established a new leadership framework to support the changed organisational structure
› led the development of a new approach by ITSRR to assess industry asset management capabilities
› progressed implementation of quality management to the standard where ITSRR achieved ISO quality management accreditation
› implemented a tailored middle management development program to support ITSRR succession management requirements
› improved organisational risk management and supporting internal audit processes.

**Name:** Simon Foster  
**Title:** Executive Director Operations  
**Remuneration:** $243,852 pa  
**Level:** SES Level 5  
**Performance pay:** Not applicable

Mr Foster provided leadership for the effective management of the operations division.

**Significant achievements during the year included:**

› led development and implementation of strategies to enhance the level of strategic regulatory oversight consistent within the parameters provided for in new rail safety legislation
› led the development and delivery of the track worker safety project which included an unprecedented field presence by ITSRR through compliance inspections and formal investigations and extensive assessment of rail safety incidents
› led risk management and stakeholder engagement processes to ensure that rail safety was not compromised by long-wall mining operations
› completed ITSRR’s three year strategy to assist heritage operators meet their obligations under rail safety legislation
› monitored levels of compliance with infrastructure and rolling stock standards and as a result issued specific safety alerts across industry
› introduced enhanced risk management processes as the basis for planning and delivery of operations division strategic plans.
7. About ITSRR’S advisory board

**Role and functions**
The principal functions of the ITSRR 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
- 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 advisory board members**
The board consists of five members:

- a Chairperson appointed by the Governor, on the Minister’s recommendation
- three members appointed by the Minister (the appointed members)
- the Chief Executive, ITSRR.

The appointed members must have experience in one or more of the following:

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

The Chairperson must have experience in transport safety management systems (including rail safety management systems) and is usually appointed for a period of five years.

The Minister is to consult with the Chairperson before appointing board members who can hold office for periods of up to five years. The three appointed members are selected after carefully considering the skills, expertise, international reputation and pre-eminence of a range of nominees, potential conflicts of interest and the extent of any potential conflict.

**Meetings**
The board meets bi-monthly, unless additional or extraordinary meetings are considered necessary. Eight meetings were held during 2009-10. Rob Schwarzer, Professor Jean Cross, Dr David Graham and Len Neist attended eight meetings whilst Dr Rob Lee attended seven meetings.

**Members of the advisory board**
Members of the board as at 30 June 2010 were:

**Rob Schwarzer** BE(Civil), FIEAust, Churchill Fellow – Chairman

Rob Schwarzer is a consultant in transportation with extensive experience in the operation and management of both freight and passenger rail services.

A civil engineer, Mr Schwarzer has held executive positions in government-owned rail, bus and ferry services and headed the private sector Sydney Light Rail Company. He has worked extensively in construction, maintenance, operations and strategic planning for transport systems in both public and private ownership.

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<table>
<thead>
<tr>
<th>Number of senior executive service (SES) positions in ITSRR 2009-10</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of SES officers</strong></td>
</tr>
<tr>
<td><strong>SES Level</strong></td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>2</td>
</tr>
<tr>
<td>3</td>
</tr>
<tr>
<td>4</td>
</tr>
<tr>
<td>5</td>
</tr>
<tr>
<td>6</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
</tr>
</tbody>
</table>

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Len Neist MSc, BE, MPD – Chief Executive

Len Neist was formerly the Executive Director, Rail Safety Regulation. Prior to this, he was head of Booz Allen Hamilton’s systems assurance team in Australia and New Zealand, with skills in system safety analysis, planning and management, reliability and risk engineering, major hazard analysis, vulnerability analysis, risk analysis and risk management. He joined Booz Allen Hamilton in June 2000 following a distinguished career in the Royal Australian Air Force (RAAF) and was instrumental in the leadership, establishment and growth of the Defence and Strategic Security business for the company. Len was appointed Chief Executive of ITSRR following the resignation of Carolyn Walsh in May 2009.

Professor Jean Cross BSc, PhD, FIEAust, MAIP

Jean Cross is former head of the University of NSW’s School of Safety Science, with involvement 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 Institution of Engineers Australia and a member of the Risk Management Institution of Australasia.

Professor Cross was Chair of the Australian Standards Committee which prepared the Australian/New Zealand Standard No. 4360 Risk Management between 1992 and 2004 and is currently a member of the International Standards Committee preparing ISO/IEC Guidelines on risk assessment techniques. She has participated in the preparation of Australian Standards handbooks on environmental risk management and risk management in outsourcing and led the working group that prepared the handbook on OHS Risk Management.

Professor Cross completed her tenure as an Advisory Board member in June 2010.

Dr Rob 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. After serving as Senior Psychologist, Operational Command, Royal Australian Air Force (RAAF), he joined the Bureau of Air Safety Investigation (BASI) as its first human factors specialist. He was Director of BASI from 1989 to 1999.

Since 2000, Dr Lee has been an international consultant in human factors and systems safety in the aviation, rail, nuclear, healthcare, and construction industries. His aviation clients have included leading airlines, and regulators. He has been an analyst on major overseas civil aircraft accident investigations. As a group captain in the RAAF specialist reserve, he provided advice to the boards of inquiry into the 2005 Royal Australian Navy Sea King accident in Indonesia, and the 2006 Australian Army Black Hawk accident near Fiji.

Dr Lee has worked with the rail industry in introducing human factors and systems safety concepts and was a member of the expert panel on safety management systems that advised the Special Commission of Inquiry into the Waterfall Rail Accident. He is a member of the Nuclear Safety Committee of the Australian Radiation Protection and Nuclear Safety Agency. Dr Lee completed his tenure as an Advisory Board member in June 2010.

Dr David Graham BPharm PhD FPS FAICD

David Graham has an extensive background in providing leadership in policy development and implementation, service delivery, regulation and stakeholder management.

During his career, Dr Graham served for more than 20 years in senior executive positions in government health and social programs. He retired in 2007 as the national manager of the Therapeutic Goods Administration where he had responsibility for regulating the quality, safety and efficacy of therapeutic goods available in Australia.

Dr Graham currently holds several director positions, serving as a member of the Australian Red Cross Blood Services Board, Arthritis ACT Board, and the board of the Global Medical Device Nomenclature Agency. He is the chair of an ISO Technical Committee.

8. Significant committees

ITSRR provides input and leadership to a number of internal and external committees.

ITSRR’s internal committees, including details of their functions and activities during 2009-10, are outlined on page 52.

ITSRR provided leadership for the Transport Regulators Executive Committee (TREC). TREC comprises the chief executives of agencies responsible for regulating the safety of public passenger transport - ITSRR, NSW Transport and Infrastructure (for buses) and NSW Maritime (for ferries). TREC is chaired by the Chief Executive of ITSRR.

TREC’s role is to act as a mechanism to share information, with the objective of identifying and where applicable, resolving issues that are relevant for all three transport modes. This ensures that each agency understands the commonalities and differences between their approaches to safety regulation.

ITSRR also chairs the Rail Safety Strategic Forum which aims to enhance consultation and communication between...
ITSRR and industry. Forum membership consists of the rail industry (with representation from large operators, medium sized operators, heritage and isolated operators as well as contractors and maintainers) and unions. ITSRR has also participated in the following state, national and international committees:

**Data Reference Group for National Data Strategy**
Simon Meiers, Director Safety Advice

**National ALCAM Development Group**
Simon Meiers, Director Safety Advice

**National Level Crossing Group**
Simon Meiers, Director Safety Advice

**Sydney Ferries Working Group (Community)**
Liz Reedy, Senior Research Officer

**Rail Safety Co-Regulation Group (RSCG)**
Len Neist, Chief Executive
Natalie Pelham, Executive Director Policy & Advice

**Safety Standing Sub-Committee (Safety SSC)**
Natalie Pelham, Executive Director Policy & Advice

**Standing Committee of Transport (SCOT) (including the Transport Authorities Chief Executives Committee)**
Director General of NSW Transport and Infrastructure represents ITSRR on this forum

**Rail Safety Regulator Review Project Board (RSRR Project Board)**
Len Neist, Chief Executive

**Rail Safety Policy and Regulation Group**
Natalie Pelham, Executive Director Policy & Advice

**NSW Level Crossing Strategy Council**
Natalie Pelham, Executive Director Policy & Advice

**NSW Chemical Security Working Group**
Alan Lidbetter, Manager Investigations

**WorkCover NSW Rail Industry Safety Forum**
Mark Buckley, Manager Operations Support

**International Electrotechnique Commission**
Peter Kohler, Principal Analyst Asset Sustainability

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**9. Grants to non-government organisations**

ITSRR did not make any grants to non-government organisations during 2009-10.

**10. Principal legislation administered by ITSRR**

ITSRR is established under section 42B of the Transport Administration Act 1988. Up to 1 July 2010, ITSRR’s principal functions relate to transport safety and reliability.1 ITSRR’s rail safety functions are predominantly performed under the Rail Safety Act 2008 and the following regulations made under the Act:

- Rail Safety (General) Regulation 2008
- Rail Safety (Drug and Alcohol Testing) Regulation 2008

The Rail Safety (Offences) Regulation 2008 (which deals with ticketing, revenue and public behaviour offences) is mainly administered by RailCorp and NSW Police under delegation from ITSRR.

ITSRR also has responsibility for certain guidelines made under the Rail Safety Act 2008 for the purpose of providing practical guidance to persons who have duties or obligations under the Act, including the following:

- National Rail Safety Guideline – Accreditation of Rail Transport Operators (June 2008)
- National Rail Safety Guideline – Preparation of a Rail Safety Management System (June 2008) and NSW appendix to the guideline
- National Rail Safety Guideline – Meaning of Duty to Ensure Safety So Far As Is Reasonably Practicable (June 2008) and NSW appendix to the guideline
- National Rail Safety Guideline – Compliance and Enforcement for Rail Safety (June 2008) and NSW appendix to the guideline
- National Rail Safety Guideline – Uniform Administration of Accreditation (June 2008) and NSW appendix to the guideline
- National Rail Safety Guideline – Management of Fatigue in Rail Safety Workers (June 2008) and NSW appendix to the guideline.

From 1 January 2010, transitional arrangements that continued to apply certain requirements of the now repealed Rail Safety Act 2002 relating to safety management systems of rail transport operators and appointments of former rail safety officers, ceased to apply.

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1 From 1 July 2010, the Transport Administration Act 1988 was amended by the Transport Administration Amendment Act 2010. Under these changes ITSRR ceased to have functions relating to the reliability of transport services. These functions were transferred to the Director General of Transport NSW. The amendments also made provision for the Director General to obtain assistance from ITSRR in the exercise of passenger transport safety responsibilities under the Passenger Transport Act 1990.
Consequently from 1 January 2010:

› all accredited rail transport operators are required to comply with the requirements for safety management systems under the Rail Safety Act 2008
› all persons exercising functions as rail safety officers and drug and alcohol testing officers needed to be formally reauthorised and issued with new identification cards for the purposes of the Rail Safety Act 2008.

Other transitional arrangements that apply under the Rail Safety Act 2008 will be phased out as follows:

› from 1 January 2011, all accredited rail transport operators will be required to assess the competence of their rail safety workers in accordance with section 22 of the Rail Safety Act 2008. The Rail Safety (Certification of Competency) Guideline 2008 will also cease to apply from 1 January 2011.
› from 1 January 2011, all rail infrastructure managers of private sidings will be required to have their sidings registered under the Rail Safety Act 2008. Where the siding is not a private siding, rail infrastructure managers will be required to be accredited under the Act.
› From 1 January 2012, road authorities will be required to comply with new requirements in the Rail Safety Act 2008 relating to interface co-ordination plans to ensure appropriate management of safety risks at the road/rail interface.

11. Significant judicial decisions

During 2009-10, there were no significant judicial decisions involving or affecting ITSRR. In 2009-10 ITSRR was involved in a successful prosecution in the Supreme Court of the Australian Rail Track Corporation resulting in a conviction and fine of $200,000 with a moiety of half of the fine to ITSRR. The decision of Justice Price was handed down on 6 July 2010.

12. Legal changes

During 2009-10, no substantial changes were made to the Rail Safety Act 2008.

13. Major works in progress

ITSRR had no major works in progress during 2009-10.

14. Electronic service delivery

ITSRR provides a public website which includes a range of information, including relevant legislation, policies and publications.

15. Credit card certification

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

16. Response to significant issues raised by the Auditor General

No significant issues were raised by the Auditor General during 2009-10.

17. Disclosure of controlled entities

The ITSRR has one controlled entity. This is the Independent Transport Safety and Reliability Regulator Division and its sole objective is to provide personnel services to the ITSRR. Following the passing of the Transport Administration Amendment Act 2010 the Independent Transport Safety and Reliability Regulator Division changed its name to Independent Transport Safety Regulator Division with effect from 1 July 2010.

18. Annual report external costs

ITSRR’s external costs for its annual report include design and printing costs. The cost of preparing the report (250 hard copies) was approximately $27,000 (including GST).

19. Consultants

ITSRR did not employ any consultants during 2009-10.

20. Action plan for women

ITSRR is not required to prepare or report on an action plan for women.
21. Research and development

ITSRR’s major research activities during 2009-10 are outlined below:

<table>
<thead>
<tr>
<th>Topic / activity</th>
<th>Type</th>
<th>Project description</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level crossing human factors investigation tool</td>
<td>Research &amp; development</td>
<td>Produce a checklist to help gather human factors-related data following level crossing collisions.</td>
<td>Complete</td>
</tr>
<tr>
<td>Review of fatigue models</td>
<td>Research</td>
<td>Review the strengths and weaknesses of models used to assess fatigue levels associated with shift scheduling used in the USA, UK and Australia.</td>
<td>Complete</td>
</tr>
<tr>
<td>Human factors toolkit for worksite protection</td>
<td>Development</td>
<td>Produce a tool to gather data on worksite protection near misses to help assess the contribution of human behaviour and performance.</td>
<td>Tool trialled against accidents / incidents</td>
</tr>
<tr>
<td>Development of a spatial inventory of public level crossings in NSW</td>
<td>Development</td>
<td>Develop a graphical information system (GIS) of level crossings in NSW.</td>
<td>Complete Now published on Transport NSW website</td>
</tr>
<tr>
<td>Developing rail services contract</td>
<td>Development</td>
<td>Advice on implementation of best practice procurement principles in Sydney.</td>
<td>Complete</td>
</tr>
<tr>
<td>Survey of CityRail Customers 2009</td>
<td>Research</td>
<td>ITSRR’s 6th annual survey of CityRail users to measure service quality aspects from the customers’ perspective</td>
<td>Complete</td>
</tr>
<tr>
<td>Survey of CityRail Customers 2010</td>
<td>Research</td>
<td>ITSRR’s 7th annual survey of CityRail users to measure service quality aspects from the customers’ perspective.</td>
<td>In progress</td>
</tr>
<tr>
<td>Survey of Sydney Metropolitan Bus Users 2009</td>
<td>Research</td>
<td>ITSRR’s 1st survey of bus users in Sydney to measure service quality aspects from the customers’ perspective.</td>
<td>Complete</td>
</tr>
<tr>
<td>Survey of Sydney Metropolitan Bus Users 2010</td>
<td>Research</td>
<td>ITSRR’s 2nd annual survey of bus users in Sydney to measure service quality aspects from the customers’ perspective</td>
<td>In progress</td>
</tr>
<tr>
<td>Review of ITSRR’s website</td>
<td>Research</td>
<td>Interviews with internal and external stakeholders to clarify user needs and a desktop review to establish directions for future redevelopment.</td>
<td>Completed</td>
</tr>
<tr>
<td>Research on rail demand forecasting</td>
<td>Research</td>
<td>Research to determine how forecasting demand for rail passenger services is carried out, validated and used in Australian cities.</td>
<td>In progress</td>
</tr>
<tr>
<td>Review of data logger requirements for rail, bus and ferry</td>
<td>Research</td>
<td>A review of Office of Transport Safety Investigations recommendations requiring data loggers to be introduced in each mode, and an examination of what data should be collected and whether this data should be mandated.</td>
<td>Completed</td>
</tr>
<tr>
<td>Geographic information system (GIS)</td>
<td>Development</td>
<td>Use of GIS to enhance the assessment of rail safety risk by both visual display and analysis of spatial information.</td>
<td>Continuing</td>
</tr>
<tr>
<td>Collation of national inventory of crash data for active level crossings</td>
<td>Research</td>
<td>Collate the inventory of active level crossings surveyed with ALCAM across Australia and New Zealand. Match historical crashes to the inventory to understand contributing factors.</td>
<td>In progress</td>
</tr>
</tbody>
</table>
22. Equal employment opportunity

ITSRR’s equal employment opportunity (EEO) strategies and results are outlined in more detail on page 59. The following tables reflect ITSRR staff data on EEO:

### Staff data by salary range and EEO classification

<table>
<thead>
<tr>
<th>LEVEL</th>
<th>Total staff 2009-10</th>
<th>Total staff 2008-09</th>
<th>Respondents</th>
<th>Men</th>
<th>Women</th>
<th>Torres Strait Islanders</th>
<th>Aboriginal people and Torres Strait Islanders</th>
<th>People from racial, ethnic, ethno-religious minority groups</th>
<th>People whose language first spoken as a child was not English</th>
<th>People with a disability requiring work-related adjustment</th>
<th>People with a disability requiring work-related adjustment</th>
<th>People with a disability requiring work-related adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; $38,144</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>$38,144 - $50,099</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>$50,100 - $56,008</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>$56,009 - $70,873</td>
<td>6</td>
<td>10</td>
<td>5</td>
<td>1</td>
<td>5</td>
<td>0</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>$70,874 - $91,652</td>
<td>12</td>
<td>8</td>
<td>11</td>
<td>4</td>
<td>8</td>
<td>0</td>
<td>3</td>
<td>3</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>$91,653 - $114,566</td>
<td>12</td>
<td>28</td>
<td>10</td>
<td>6</td>
<td>6</td>
<td>0</td>
<td>4</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>&gt; $114,566 (non SES)</td>
<td>42</td>
<td>25</td>
<td>35</td>
<td>28</td>
<td>14</td>
<td>0</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>&gt; $114,566 (SES)</td>
<td>4</td>
<td>5</td>
<td>3</td>
<td>3</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>77</td>
<td>78</td>
<td>65</td>
<td>43</td>
<td>34</td>
<td>0</td>
<td>14</td>
<td>13</td>
<td>11</td>
<td>3</td>
<td>1</td>
<td>0</td>
</tr>
</tbody>
</table>

#### A. Trends in the representation of EEO groups

<table>
<thead>
<tr>
<th>EEO group</th>
<th>% of Total staff</th>
<th>Benchmark or target</th>
<th>2005-06</th>
<th>2006-07</th>
<th>2007-08</th>
<th>2008-09</th>
<th>2009-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td></td>
<td>50%</td>
<td>42%</td>
<td>44%</td>
<td>48%</td>
<td>46%</td>
<td>44%</td>
</tr>
<tr>
<td>Aboriginal people and Torres Strait Islanders</td>
<td></td>
<td>2.6%</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>People whose first language was not English</td>
<td></td>
<td>19%</td>
<td>28%</td>
<td>31%</td>
<td>19%</td>
<td>31%</td>
<td>20%</td>
</tr>
<tr>
<td>People with a disability</td>
<td></td>
<td>12%</td>
<td>6%</td>
<td>6%</td>
<td>8%</td>
<td>16%</td>
<td>17%</td>
</tr>
<tr>
<td>People with a disability requiring work-related adjustment</td>
<td></td>
<td>7%</td>
<td>1%</td>
<td>1%</td>
<td>1.3%</td>
<td>5.2%</td>
<td>4.7%</td>
</tr>
</tbody>
</table>

#### B. Trends in the distribution of EEO groups

<table>
<thead>
<tr>
<th>EEO group</th>
<th>Distribution index</th>
<th>Benchmark or target</th>
<th>2005-06</th>
<th>2006-07</th>
<th>2007-08</th>
<th>2008-09</th>
<th>2009-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td></td>
<td>100</td>
<td>91</td>
<td>91</td>
<td>91</td>
<td>91</td>
<td>91</td>
</tr>
<tr>
<td>Aboriginal people and Torres Strait Islanders</td>
<td></td>
<td>100</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>People whose first language was not English</td>
<td></td>
<td>100</td>
<td>99</td>
<td>96</td>
<td>n/a*</td>
<td>92</td>
<td>n/a</td>
</tr>
<tr>
<td>People with a disability</td>
<td></td>
<td>100</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>People with a disability requiring work-related adjustment</td>
<td></td>
<td>100</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
</tbody>
</table>
Notes for EEO tables:

1. Staff numbers are as at 30 June 2010
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.

23. Overseas visits

<table>
<thead>
<tr>
<th>Officer</th>
<th>Date</th>
<th>Destination</th>
<th>Purpose of visit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Theresa Mejia</td>
<td>September 2009</td>
<td>Auckland, New Zealand</td>
<td>Attend the 32nd Australasian Transport Research Forum</td>
</tr>
</tbody>
</table>

24. Payment of accounts

Aged analysis at the end of each quarter

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Current (within due date) $'000</th>
<th>Less than 30 days overdue $'000</th>
<th>Between 30 and 60 days overdue $'000</th>
<th>Between 60 days and 90 days overdue $'000</th>
<th>More than 90 days overdue $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>September</td>
<td>3</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>December</td>
<td>28</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>March</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>June</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

25. Time for payment of accounts

Accounts paid on time within each quarter

<table>
<thead>
<tr>
<th>Total accounts paid on time</th>
<th>Target %</th>
<th>Actual %</th>
<th>$'000</th>
<th>Total amount paid $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>September</td>
<td>100</td>
<td>95.1%</td>
<td>4,149</td>
<td>4,365</td>
</tr>
<tr>
<td>December</td>
<td>100</td>
<td>100.0%</td>
<td>3,789</td>
<td>3,790</td>
</tr>
<tr>
<td>March</td>
<td>100</td>
<td>97.5%</td>
<td>3,613</td>
<td>3,705</td>
</tr>
<tr>
<td>June</td>
<td>100</td>
<td>99.9%</td>
<td>3,458</td>
<td>3,463</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>15,323</td>
<td></td>
</tr>
</tbody>
</table>

During 2009-10, ITSSR did not have any late payment amounts.
Increased use of electronic processing of accounts is expected to improve accounts processing performance.
26. Freedom of information
The following tables are in accordance with the requirements of the Department of Premier and Cabinet. ITSRR received three applications for information during 2009-10.

**Personal** refers to matters of private concern to an individual.

**Other** refers to all other types of requests.

<table>
<thead>
<tr>
<th>FOI requests</th>
<th>Personal</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2008-09</td>
<td>2009-10</td>
<td>2008-09</td>
</tr>
<tr>
<td>New</td>
<td>0</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Brought forward</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total to be processed</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Completed</td>
<td>0</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Transferred out</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Withdrawn</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total processed</td>
<td>0</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Unfinished</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Result of FOI requests</th>
<th>Personal</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2008-09</td>
<td>2009-10</td>
<td>2008-09</td>
</tr>
<tr>
<td>Granted in full</td>
<td>0</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Granted in part</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Refused</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Deferred</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Completed</td>
<td>0</td>
<td>0</td>
<td>3</td>
</tr>
</tbody>
</table>

27. Ministerial certificates
There were no Ministerial certificates issued in 2009-10.

28. Formal consultations
There was one request requiring formal consultation in 2009-10.

29. Amendment to personal records
There were no requests to amend personal records in 2009-10.

30. Notation of personal records
There were no requests for notation of personal records in 2009-10.
31. Disability plan
ITSRR has a Disability Action Plan to meet NSW Government requirements.

32. List of major assets
ITSRR has no major assets to report against.

33. Economic or other factors impacting on performance
ITSRR’s operating environment included a range of factors such as industry changes and restrictive labour market conditions. ITSRR considers a broad range of economic, safety, legislative and stakeholder issues that could impact on its performance as part of its integrated risk management/corporate planning process (see page 53). Risk controls that either mitigate or reduce the risk of these having a negative impact are built into the corporate and program plans.

34. Promotion – publications
During 2009-10, ITSRR published the following documents which are available on its website:

Fact sheets (includes new and revised)
- Fatigue management
- Interface agreements
- ITSRR’s rail safety officers
- ITSRR’s role in investigations
- Private sidings
- Rail safety regulation
- Rail safety worker competence

Reports
- ITSRR Annual Report 2008-09
- Rail Industry Safety Report 2008-09
- Transport Reliability Report 2008-09
- Report on independent investigations into rail, bus and ferry incidents: March 2010 - May 2010
- Report on independent investigations into rail, bus and ferry incidents: December 2009 - February 2010
- Report on independent investigations into rail, bus and ferry incidents: September 2009 - November 2009
- Report on independent investigations into rail, bus and ferry incidents: June 2009 - August 2009
- Survey of CityRail customers 2009
- Survey of Sydney metropolitan bus users 2009
- Transport Reliability Bulletin - Measuring customer delay for rail passengers
- Transport Reliability Bulletin - Effective performance measurement for commuter rail services
- Transport Reliability Bulletin - Five-year trends in CityRail service quality from a customer perspective

Newsletters
- four editions of The Regulator
- fifty editions of Transport Advisory Weekly

Information alerts
- Change in functions and safety responsibilities - 25 June 2010
- Registration of a private siding - 23 June 2010
- OTSI rail investigation - signal passed at danger by track machine consist 8M71 at Goobang Junction on 10 May 2009 - 18 June 2010
- Guidance on management of major change - 30 April 2010
- Comments on the ITSRR discussion paper - proposed amendment of the Rail Safety (Drug and Alcohol Testing) Regulation 2008 - 8 April 2010
- New Rail Safety Strategic Forum membership - 30 March 2010
- ITSRR seeks nominations for Rail Safety Strategic Forum - 5 February 2010
- Workers convicted over drug and alcohol breaches - 1 February 2010
35. Risk management and insurance activities

ITSRR undertook an extensive corporate risk management process during the year as part of its corporate planning cycle. ITSRR risk management processes were enhanced through the establishment of the ITSRR Independent Risk and Audit Committee (IIRAC). For more information, see pages 52.

The IIRAC Chairperson is Mr Ken Barker, who has been appointed for a period of four years to 1 December 2013. Mr Barker has over 42 years experience in public sector management and finance, including over 20 years as Chief Financial Officer for NSW Health. The part-time member appointed is Mr Alex Smith who has been appointed for a period of three years to 1 December 2012. Mr Smith has over 40 years experience in senior public service roles, including Deputy Director General, Department of Premier and Cabinet.

ITSRR has insurance cover over all its assets and major risks. Insurance policies for workers compensation, building contents, computer equipment, motor vehicles and public liability are in place with the government’s self insurance scheme, the Treasury Managed Fund.

Effective risk management can result in benefits through reduced insurance premiums. ITSRR paid a premium of $52,668 for workers compensation insurance which is a 7% reduction on the previous year’s cost. The premium for motor vehicle insurance, liability and property was $21,461 which was an increase of 6%, all of which was accounted for by motor vehicle insurance.

The role of the IIRAC is to assist ITSRR in governance requiring management of risk including compliance with legislation and government requirements, fraud control and business continuity.

As the Chief Executive has attested (see following page), core risk processes are in accordance with the Internal Audit and Risk Management Policy (NSW TC 09/08) have been established. These include the establishment of the IIRAC and strengthening of ITSRR’s internal audit function and governance processes. A review is currently underway to provide an assurance of this and to identify better practice improvements.
36. Audit attestation

3 SEP 2010

The Senior Director
Financial Management and Reporting Branch
NSW Treasury
Level 24, Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000

Internal Audit and Risk Management Attestation for 2009-2010 for the Independent Transport Safety Regulator

I, Chief Executive am of the opinion that the Independent Transport Safety Regulator has internal audit and risk management processes in place that are, in all material respects, compliant with the core requirements set out in Treasury Circular NSW TC 09/08 Internal Audit and Risk Management Policy. These processes provide a level of assurance that enables the senior management of the Independent Transport Safety Regulator to understand, manage and satisfactorily control risk exposures.

I, Chief Executive am of the opinion that the Audit and Risk Committee for the Independent Transport Safety Regulator is constituted and operates in accordance with the independence and governance requirements of Treasury Circular TC 09-0. The Chair and Members of the Audit and Risk Committee are:

Ken Barker, Independent Chair (1 December 2009 – 1 December 2013)
Alex Smith, Independent Member (1 December 2009 – 1 December 2012)
Janny Renko, ITSR Corporate Counsel, Non-independent Member
(1 December 2009 – 1 December 2011)


Len Neist
CHIEF EXECUTIVE
The following glossary includes reference to ITSRR-specific terms, national bodies and rail-related terms used in this annual report.

### ITSRR-specific terms

**GOMS** is the governance quality management system, ITSRR’s business and quality management system.

**EMT** refers to the Executive Management Team of ITSRR comprising the Chief Executive and three divisional directors.

**OTS** is the Office of Transport Safety Investigations. It conducts independent investigations of transport accidents in NSW.

**SMS** refers to a safety management system used by rail transport operators to manage safety risks. A safety management system is a structured way of administering the control measures (for example, engineering and technical standards and procedures) necessary to manage or control the risks arising from an operator’s rail operations.

**TREC** is the Transport Regulators Executive Committee comprising the Chief Executives or nominees of ITSRR, the Department of Transport and Infrastructure and NSW Maritime.

**Waterfall inquiry** refers to the Special Commission of Inquiry into the Waterfall Rail Accident.

### National organisations and/or committees

**Australasian Railway Association (ARA)** is a member-based association representing the interests of rail operators, suppliers and maintainers in Australia and New Zealand.

**Australian Transport Council (ATC)** comprises the Transport Ministers of each State, Territory and the Commonwealth and is responsible for coordinating the development of national transport reforms.

**Australian Transport Safety Bureau (ATSB)** is an operationally independent body within the Australian Government Department of Transport and Regional Services and is Australia’s prime agency for ‘just culture’ transport safety investigations.

**Council of Australian Government (COAG)** comprises the Prime Minister, State Premiers, Territory Chief Ministers and the President of the Australian Local Government Association. Its role is to initiate, develop and monitor the implementation of policy reforms of national significance.

**National Transport Commission (NTC)** comprises five members and a CEO. It provides advice and recommendations on transport reforms to Ministers at the Australian Transport Council (ATC). Transport Ministers are required to vote on NTC reforms and if approved by a majority, all governments are required to implement the reforms.

**Rail Safety Regulators’ Panel (RSRP)** comprises rail regulators from each jurisdiction. It discusses rail regulatory issues of national significance and co-ordinates a consistent national approach to the administration of rail safety regulation.

**Standing Committee of Transport Chief Executives (SCOT)** comprises Chief Executives of transport agencies from each state, territory and the Commonwealth. It facilitates the deliberations of the Australian Transport Council and assists to co-ordinate and develop national transport reforms.

### Rail-related terms

A **running line** refers to all railway tracks (other than sidings) that are used for the through movement of trains, inclusive of mainlines, isolated lines, crossing loops and shunting yards. The **mainline** is the line normally used for running trains. The term **heavy rail** is typically used for regular railway operations on the mainline, while **light rail** uses less equipment and infrastructure than heavy rail, with vehicles which run on rails on a highway, road or easement specifically designated for that use.

**Passenger operations** carry passengers on commercial or heritage services, while **freight operations** carry goods (including dangerous goods).

**Sidings** are portions of railway track connected to a running line or another siding on which rolling stock can be placed clear of the running line and stabled. A **private siding** is owned and maintained by a person who does not own, control or manage the running line with which the siding connects or to which it has access.

**Rolling stock** means any vehicle that operates on or uses a railway track, excluding road/rail vehicles, which are designed for both uses. A train means one unit of rolling stock or two or more units coupled together, at least one of which is a locomotive or other self-propelled unit.
## Compliance with annual reporting legislation index

<table>
<thead>
<tr>
<th>Topic</th>
<th>Page(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable performance</td>
<td>117</td>
</tr>
<tr>
<td>Aims and objectives</td>
<td>2, 12</td>
</tr>
<tr>
<td>Annual Report external costs</td>
<td>114</td>
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<tr>
<td>Charter</td>
<td>2, 12</td>
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<td>Chief Executive's message</td>
<td>6</td>
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<tr>
<td>Consultants</td>
<td>114</td>
</tr>
<tr>
<td>Consumer response</td>
<td>56</td>
</tr>
<tr>
<td>Contact details</td>
<td>Back cover</td>
</tr>
<tr>
<td>Credit card certification</td>
<td>114</td>
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