our vision

ITSRR’s vision is for “Safe and reliable rail, bus and ferry services in New South Wales”.

our values

To deliver our vision, intended results and quality of service, ITSRR has identified the following values that underpin the work we do:

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

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

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

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

our corporate programs

ITSRR’s corporate programs, reflecting our key functions, are as follows:

rail Safety Regulation;

Strategic Coordination of Safety Regulation across Transport Modes (rail, bus and ferry);

Transport Service Reliability Advice; and

Corporate Governance.
Dear Minister

It is my pleasure to submit to you for presentation to Parliament the Annual Report for 2005-06 of the Independent Transport Safety and Reliability Regulator (ITSRR). It includes the Annual Rail Industry Safety Report which ITSRR is obliged to produce under the Rail Safety Act 2002 and the Annual Transport Reliability Report, which ITSRR is obliged to produce under the Transport Administration Act 1988.

As the Office of Transport Safety Investigations (OTSI) became a separate authority in July 2005 rather than a division of ITSRR, it will report separately on its yearly achievements and results.

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

In preparing the Report consideration has been given to the NSW Public Bodies Review Committee’s criteria for better annual reporting practice.

Yours sincerely

Carolyn Walsh
Chief Executive

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

annual report
2005–2006

independent transport safety and reliability regulator
annual report
2005–2006

independent transport safety and reliability regulator
This report is in three parts. The first reflects ITSRR’s corporate performance. The second comprises stand-alone reports reflecting transport industry safety and reliability issues and results as required under rail safety and transport administration legislation. The third consists of the appendices and indexes.

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part one

ITSRR's corporate performance
message from the chief executive

It is an exciting and challenging time in the world of rail safety reform. There are huge changes on all fronts — on the regulatory front, with the move towards national consistency in safety legislation and its administration; on the service front in NSW, with reviews by operators and Government of services required to fulfil both passenger and freight requirements for the future; in rail ownership, with new players in the field; and in infrastructure investment, with a large number of major track and rolling stock capital projects underway.

A major achievement of 2005-06 has been the progress of the national rail safety reform process. This process responds to the calls of both industry and government for greater consistency of rail safety regulation across States and improved safety performance.

ITSRR has devoted considerable effort to the reform agenda, at a policy level as the Chair of the National Steering Committee advising the National Transport Commission and at an operational level by assisting with education and awareness programs around the country for both the industry and for other regulators.

ITSRR has also ensured the reforms incorporate specific Special Commission of Inquiry into the Waterfall Rail Accident (Waterfall Inquiry) recommendations.

On the ground, our regulatory policy and operational staff have been working hard internally and with industry to begin the transition to the new Guidelines for Safety Management Systems, which come into force in NSW in 2006-07. This work focuses on ensuring that rail operators’ safety management systems meet high-level performance criteria, a process that will take some time to implement.

We are also keeping an eye on areas for further safety reform, particularly in areas which have not traditionally been a strong area of focus in rail. For instance, ITSRR is jointly exploring with the Department of Infrastructure in Victoria, and in consultation with industry, means by which Crew Resource Management programs used in aviation might be adapted for use in the rail industry.

I am also pleased to report that, as at June 2006, 75% of the recommendations of the Waterfall Inquiry report have been implemented, a major achievement by both rail operators and ITSRR. I anticipate that around 88% of the recommendations will be closed out by the end of 2006-07.

Our work with other NSW transport safety regulators, the Ministry of Transport and NSW Maritime, continues to strengthen. This report reflects this in both our achievement of an agreed workplan and in the preparation of a separate Cross-modal Transport Safety Report in Part 2 of this Report. I look forward to working with these agencies to continue to strengthen transport safety regulatory requirements for the rail, bus and ferry sectors.
Our service reliability function continues to provide the Government with an important source of independent advice on the reliability and sustainability of publicly funded transport services. During the year, our advice has focused on rail infrastructure condition across the State, the introduction of new timetables for CityRail customers and the impact of rail freight services on the reliability of passenger rail services.

Internally, we have bedded down structures and processes to support the work we do, improving the quality of our services to our stakeholders. We have a new Executive Director, Mick Quinn, for the Rail Safety Regulation Division, our largest Division. Mick brings his experience as Senior Vice President - Group Safety with the Emirates Group, including his expertise in risk management and safety management systems. I would also like to acknowledge the effort of Colin Holmes who acted as Director Accreditation and Audit over the year. Colin capably steered ITSRR in delivering its required regulatory activities prior to Mick’s appointment.

During the year we strengthened our information technology and record management systems considerably and bedded down our corporate planning and reporting processes, including the development of a three year Corporate Plan. We have also encouraged staff to undertake a range of training, with 26 staff participating in our professional development program that will lead to tertiary qualifications in transport safety.

In the coming year, we will focus on implementing our Corporate Plan 2006-09 and will ensure that we align our planning and reporting activities to the forthcoming 10 year State Plan, scheduled for release in November 2006. Transport safety and reliability continues to be a dominant theme for NSW Government service delivery and ITSRR provides a critical role in ensuring this progresses.

Of course, safe and reliable transport services can only be delivered by the industry itself.

I would like to acknowledge the efforts of the rail industry which has provided constructive and detailed input to the development and implementation of consistent and high quality rail safety policy and legislation, both in NSW and at the national level. I am very aware that rail safety is a joint effort requiring significant contribution by all parties to achieve the high level rail safety standards required for NSW.

I also express my sincere gratitude to the dedicated efforts of all ITSRR staff over the past year, my thanks to the support and professionalism of our Executive Management Team and my appreciation of the wealth of expert advice and guidance provided by our Advisory Board.

Finally, I would like to highlight the contribution to ITSRR, and to the transport sector generally, of Ron Christie AM, who retired from his position as Chairman of our Advisory Board in December 2005. Ron was the Board’s inaugural Chair. Ron’s knowledge, expertise and passion for transport safety were invaluable to ITSRR in its start-up as a rail safety regulator and reliability advisor. On a personal note, I was and remain inspired by Ron’s commitment to public service and learned a great deal during the years I had the privilege to work with him.

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

In June 2005 the functions of the Board were amended by legislation as part of the Government’s response to the Special Commission of Inquiry into the Waterfall Rail Accident. The amendments reflected that the Office of Transport Safety Investigations had been created as a separate entity. Neither the Chairperson nor Board members now hold any statutory responsibilities in relation to OTSI’s functions. The legislative amendments also provided a clear distinction of accountabilities between the Advisory Board and the Chief Executive of ITSRR.

The Advisory Board consists of four external members who have extensive safety and transport related expertise. The Board aims to utilise this expertise and knowledge to provide strategic advice that enhances the direction and leadership role of ITSRR in transport safety regulation and reliability advice.

At its meetings, the Advisory Board considers issues arising in the areas of strategic transport safety, rail accreditation and compliance, and service reliability.

Two areas of focus for ITSRR and the Board during the year have been progress in the implementation of the recommendations of the Waterfall Inquiry and progress of the national rail safety reform agenda.

While the Board is satisfied with the progress made in the implementation of the Waterfall recommendations, it is conscious that there is still work to be done, particularly in the areas of standards development and design, which will require a longer term to address. In this regard the Advisory Board will continue to review progress and provide advice and assistance.

Following the release of a draft exposure National Model Rail Safety Bill and extensive consultation with rail regulators, the rail industry and unions, the Australian Transport Council endorsed the national model rail safety legislation on 2 June 2006. While the model Bill is broadly consistent with the current NSW Rail Safety Act, I believe its development represents another step forward in improving safety outcomes for the NSW rail industry.

The active leadership role played by ITSRR in progressing the national reform agenda has been commendable and is another area in which the Board will continue to provide support and assistance.

In addition to National Rail Safety Reform and Waterfall Inquiry implementation, the Board offered advice and recommendations to ITSRR over a range of issues during the year, including:

- investigations into specific issues of non-compliance by rail operators with their accreditation requirements;
- the appropriateness and outcomes of compliance and pre-accreditation audits of rail operators;
- guidelines developed for tourist and heritage operator safety management systems and accreditation;
- application of Automatic Train Protection technology to the NSW rail network;
- track maintenance standards;
- evaluation and reporting on reliability performance of publicly funded rail and bus operators; and
- collection, analysis and interpretation of data on rail safety incidents and trends.

In December 2005 my predecessor as Chairperson of the Board, Mr Ron Christie AM, retired. I take this opportunity to thank Ron for his leadership and contribution to both the Board and ITSRR and, as a result, the improvement of transport safety in NSW.

My appointment as Chairperson has led to the appointment of a new Board member, Mr Len Neist. Len is a systems engineering specialist and former auditor involved in the Waterfall Inquiry. He brings new levels of expertise and insight to the Board and has already established himself as a valued contributor.

Finally, I wish to express gratitude to all my colleagues on the Board for their continued high levels of commitment and contribution during the year.

BE(Civil), FIEAust
Chairperson, Independent Transport Safety and Reliability Advisory Board

message from the advisory board chairperson

Rob Schwarzer
Chairperson, Independent Transport Safety and Reliability Advisory Board

Two areas of focus for ITSRR and the Board during the year have been progress in the implementation of the recommendations of the Waterfall Inquiry and progress of the national rail safety reform agenda.
who we are

ITSRR commenced operations in January 2004 and is a statutory authority of the NSW Government. In 2005-06 we employed approximately 75 staff. All of ITSRR’s staff are located in Sydney, although a number of staff travel throughout NSW to audit rail operators for rail safety purposes and conduct compliance-related inspections.

what we do

ITSRR’s legislative objectives are outlined in the Transport Administration Act 1988. The principal objective of ITSRR is to “facilitate the safe operation of transport services in NSW”. Its other legislative objectives are to “exhibit independence, rigour and excellence in carrying out ITSRR’s regulatory and investigation function”; and to “promote safety and reliability as fundamental objectives in the delivery of transport services”.

To deliver these objectives, ITSRR has four key programs –

1. Rail Safety Regulation: ITSRR’s primary program that regulates rail safety on the NSW network;
2. Strategic Coordination across Transport Modes: a program that facilitates the liaison across NSW transport safety regulators (ITSRR for rail, the Ministry of Transport for buses and NSW Maritime for ferries) to ensure ongoing monitoring and improvement of safety regulation for all three modes;
3. Transport Reliability Advice: a program that provides independent advice to the Government and the public on the reliability and sustainability of the publicly funded transport networks in NSW; and
4. Corporate Governance: a program that ensures ITSRR’s people, systems and processes are able to deliver results for the above three programs through delivery of training; information management systems; human resource and administrative support; and planning and reporting frameworks.

A major organisational change in 2005-06 occurred with the separation of the Office of Transport Safety Investigations (OTSI) as an independent authority from ITSRR. OTSI now provides its own annual report. Whilst ITSRR continues to undertake investigations of rail incidents for the purpose of compliance with the Rail Safety Act 2002, OTSI undertakes independent investigations into the causation of major transport accidents and incidents in the rail, bus and ferry sectors.

For some context of the industry in which we operate, please see the “Overview of the NSW Transport Industry” in Part 2.1.
ITSRR's key stakeholders are identified by their role in relation to ITSRR's legislative and strategic objectives on rail safety and the reliability and sustainability of publicly funded transport services.

ITSRR's key stakeholders include:

**Industry**
- Rail operators including government-owned, commercial and tourist/heritage rail operators, rail employees
- Rail industry groups (unions, peak industry groups)
- Bus and ferry operators

**Government**
- NSW Minister for Transport
- NSW Parliament
- NSW central agencies (Treasury, The Cabinet Office, Premier’s Office, Independent Pricing and Regulatory Tribunal)
- NSW transport safety regulators (NSW Maritime, Ministry of Transport)
- Federal Transport Ministers and agencies (Australian Transport Council, National Transport Commission, Commonwealth and State transport departments, Rail Safety Regulators Panel)

**Community**
- (indirectly) General public (commuters & non-commuters)

**Media**

**Internal**
- ITSRR staff

More information on how we seek and consider stakeholder views is outlined in each corporate program chapter.

**about the advisory board**

The ITSRR Advisory Board consists of the Chief Executive and four external members: Mr. Rob Schwarzer (Chairman), Professor Jean Cross, Dr. Robert Lee, and Mr. Len Neist.

The Chief Executive can, at her discretion, seek advice on rail safety matters from the Advisory Board. The Advisory Board may also independently provide advice to the Minister for Transport.

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

A more detailed overview of the Board’s functions and the qualifications and experience of members is contained in the Appendices to this report.
ITSRR's performance context for 2005-06 is reflected in two planning documents. The first, its results logic framework, was reviewed and refined during 2005-06. The framework links ITSRR's intended results with its service delivery. The second is ITSRR's Corporate Plan 2005-06 that outlines its priorities for the year.
Vision

Safe and reliable transport services in New South Wales

Result Priorities 05-06

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

Service Priorities 05–06

■ Develop and implement single integrated audit schedule, methodology and program for rail
■ Define, document and implement ITSRR’s corporate management system
■ Define and implement effective framework to use and manage corporate knowledge
■ Full implementation of ITSRR’s corporate performance reporting framework
■ Enhance ITSRR’s capability to collect and utilise safety intelligence to determine safety management priorities for ITSRR’s attention
our highlights and challenges of 2005-06

highlights

ITSRR’s results are outlined in detail in its program chapters outlined in Part 2.2.

Particular highlights of the year included:

■ phased implementation of the National Rail Safety Accreditation Package with NSW rail operators, introducing a new Safety Management System (SMS) guideline with more rigorous safety requirements.

■ endorsement by the Australian Transport Council (comprising Commonwealth, State and Territory Transport Ministers) of the National Model Rail Safety Bill. The Bill provides the framework for greater consistency and high standards of safety regulation across States and Territories. ITSRR has provided substantive input and leadership in developing the model legislation.

■ regulatory amendments to drug and alcohol testing programs that improve fairness and accuracy of testing, improve training requirements for testing officers, and introduce mandatory post-incident testing.

■ improvements to railway security preventative measures and emergency response planning both within NSW and on a national basis.

■ verification that 75% of recommendations from the Special Commission of Inquiry into the Waterfall Rail Accident (Waterfall Inquiry) Report have been implemented as at June 2006.

■ provision of quarterly reports on the implementation of the Waterfall Inquiry Report to the Minister for tabling in Parliament and for publication.

■ establishing the Rail Safety Strategic Forum, comprising rail industry operators and unions, that meets quarterly on a broad range of strategic issues.

■ preparation of public reports on transport service reliability including the Annual Transport Service Reliability Report, the Final Report on the Impact of Freight Incidents on CityRail Passenger Services, the annual survey of City Rail customers and a mini survey of CityRail customers on the impact of the September 2005 timetable.

■ independent advice to the Government on RailCorp preparations for the introduction of the 2005 CityRail timetable.

■ completion of the first stage of development of ITSRR’s internal information and electronic data management systems which provide consolidated and accurate information to support delivery of ITSRR’s regulatory activities.

challenges

In achieving our results, ITSRR faced some significant challenges, including:

■ negotiating with the National Transport Commission and State and Territory jurisdictions to gain agreement on issues relating to the preparation of national model rail safety legislation.

■ the broadening and deepening of the reliability agenda in the context of decisions by the Council of Australian Governments on urban congestion and freight.

■ the completion of transport governance changes that commenced in January 2004, including the Australian Rail Track Corporation lease, vertical integration under RailCorp and the new role of the Ministry of Transport.

■ modifying internal business processes to accommodate enhanced safety management system requirements.

■ ensuring continued delivery of quality services during changes to Rail Safety Regulation Division’s senior management team.
ITSRR’s future directions outlined below reflect our Corporate Plan priorities for 2006-07 framed against our results logic matrix outlined on page 9. These were developed as part of a comprehensive review of ITSRR’s performance context and capabilities that underpinned the development of the Corporate Plan 2006-09.

A key driver for ITSRR in 2006-07 is continuing the pace of rail safety reforms at both State and national levels to maximise safety outcomes. This work includes implementation of agreed reforms, such as implementing the new accreditation requirements for rail operators and auditing against these, and ongoing contribution to further reforms, such as improving inter-operable communication systems and addressing fatigue management issues.

To ensure these safety reforms are realised, ITSRR has recognised in its future directions for 2006-07 the need to maintain ongoing liaison with both internal and external stakeholders. ITSRR also aims to ensure its internal business processes reflect better practice risk management standards and are aligned with the new legislative criteria.

program 1:
rail safety regulation

- Target the following key issues with rail operators – proactive risk management; integration of safety management systems; infrastructure condition; change management programs; and fatigue management
- Implement new improved requirements for Safety Management Systems for NSW rail operators
- Support the NSW Government in introducing the national model legislation in NSW
- Progress remaining Waterfall Inquiry recommendations
- Ensure capture of compliance and enforcement business processes into the Corporate Management System and use by staff
- Further build high quality safety data (PRISM)
- Action proactive intervention strategies
- Develop risk profiling tools for the rail industry sectors.
program 2: strategic coordination across transport modes

- Continue to lead the identification and implementation of safety reforms across the transport modes of rail, bus and ferry services.
- Scope and use consistent reporting frameworks for monitoring implementation of external investigations into NSW rail, bus and ferry accidents.
- Scope and share information across regulators on industry safety and organisational performance indicators.

program 3: transport service reliability advice

- Increase the depth of advice in relation to:
  — above and below rail capacity on the RailCorp network;
  — the Country Rail Network;
  — bus performance; and
  — ferry performance.
- Conduct research in Australia and overseas, focusing on predictive indicators of safety, asset standards, and procurement arrangements for funded transport services.
- Document and utilise business processes in ITSRR’s Corporate Management System.

program 4: corporate governance

- Full utility of ITSRR’s Corporate Management System and supporting information databases in daily work practices.
- Develop strategies to support performance improvement, including management training and team building.
- Undertake compliance training on the new national requirements for ITSRR’s authorised officers.
- Improve internal audit and risk management capabilities across the organisation.
ITSRR is led by its Chief Executive, Carolyn Walsh (B.Ec, GAICD). Carolyn has had extensive experience in the Commonwealth Government in policy development and program implementation in small business, regulation reform, sectoral policies (particularly in steel, automotive and wood and paper products), science and innovation.

In 2000 Carolyn joined the NSW Cabinet Office and moved to the Office of the Coordinator General of Rail in April 2001. In January 2004 Carolyn was appointed Chief Executive of ITSRR.

Carolyn leads and is supported by the Executive Management Team comprising four members – Mick Quinn, Natalie Pelham, Simon Foster and Paul Harris – whose backgrounds and responsibilities are outlined in the following sections. The corporate organisational chart below provides an overview of ITSRR’s Executive Management Team and their Divisional responsibilities.

**ITSRR’s organisational chart (as at 30 June 2006)**
ITSRR’s operational divisions

The following outlines the management and role of ITSRR’s four Divisions which are the:
1. Rail Safety Regulation Division;
2. Transport Regulation Strategy Division;
3. Service Reliability Division; and
4. Corporate Services and Planning Division.

I. Rail Safety Regulation Division

Divisional leadership

Michael Quinn (CSP, Dip OH&S) was appointed Executive Director of ITSRR’s Rail Safety Regulation Division in January 2006. Mick has extensive experience in the development and implementation of safety management systems, operational risk management programs, safety auditing, and accident investigation. Prior to joining ITSRR, Mick was based in Dubai as the Senior Vice President - Group Safety for the Emirates Group, with responsibility for safety management programs across a broad range of the Group’s international entities.

Division overview

The Rail Safety Regulation Division comprises approximately 40 staff (53% of all ITSRR staff).

The Division’s primary product is the Rail Safety Regulation Program, with input into the Corporate Governance Program. For an outline of the Rail Safety Regulation Program results and activities, see page 20-44.

The Division regulates the safety of the NSW rail industry through the administration of the Rail Safety Act 2002 and associated regulations and guidelines. The Act requires railway operators to be accredited by ITSRR. In order to obtain accreditation, an operator must have a suitable risk-based safety management system in place.

The Division accredits NSW rail operators and conducts periodic audits of railway operators’ safety management systems. The Division also conducts inspections to determine if railway operations are being conducted safely and in accordance with accreditation requirements. Divisional officers also investigate rail incidents and accidents.

The Division provides input to policy and guidance for the rail industry, including to the national policy process. Specific rail safety projects are also undertaken.
2. transport regulation strategy division

Divisional leadership

Natalie Pelham (BSc, MSocSc) is the Executive Director of the Transport Regulation Strategy Division and has been an Executive Director in ITSRR since 2004. Natalie has worked in safety regulation since 1994, including senior positions with WorkCover NSW. She recently submitted her thesis for a PhD in public health specialising in public policy (regulation) for workplace health and safety.

Division overview

The Transport Regulation Strategy Division comprises approximately 15 staff (20% of all ITSRR staff).

The Division delivers key aspects of the Rail Safety Regulation and Strategic Coordination across Transport Modes programs, with input to the Transport Reliability Advice Program as well as the Corporate Governance Program. For an outline of these Programs results, see pages 20-70.

The Division’s primary functions are to deliver an effective legislative framework for rail safety regulation. Such services include policy development at State and national levels; provision of legal advice; and a broad range of communication activities including chairing the Rail Safety Strategic Forum, inter and intra-governmental relations and Ministerial liaison.

Another function for the Division is to review rail operator requests for reviews of ITSRR’s decisions on accreditation requirements and the issue of notices. This provides an independent review mechanism within ITSRR given that accreditations and notices are issued by the Rail Safety Regulation Division.

The Division also plays a key role in coordination of work with other NSW transport safety regulators to promote consistent safety regulation across transport modes (rail, bus and ferry). It does this through its support for the Transport Regulators’ Executive Committee.
3. service reliability division

Divisional leadership

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

Division overview

The Service Reliability Division of ITSRR comprises approximately 10 staff (13% of all ITSRR staff).

The Division leads the Transport Reliability Advice Program, with input to the Corporate Governance Program. The Division also supports the Rail Safety Regulation Program by its identification of reliability and sustainability matters that may be relevant to rail safety.

For an outline of the Transport Reliability Advice Program results and activities, see pages 49-54.

Reliability includes all aspects of transport service quality, not just on-time running. Issues can extend to matters such as customer satisfaction, overall measures of service quality, and freight-passenger interactions.

ITSRR’s role on reliability includes identification of issues, analysis of policy implications and the provision of advice and reports. ITSRR does not set standards nor does it fund services. However, ITSRR does need to be consulted when changes are made to performance standards relating to CityRail, CountryLink or Sydney Ferries. At the time of writing, no such changes had been made.

The Division’s primary functions are to monitor transport performance, provide advice to the Minister on service reliability issues, and prepare public reports and submissions on the performance of publicly funded transport services, including rail passenger rail services, rail infrastructure and bus and ferry services. The focus of the analysis undertaken is on the more substantial transport tasks, for example, metropolitan rail and bus services, at a system-wide level. The Act also allows the Minister to request expert advice from ITSRR on specific issues associated with reliability.
4. corporate services and planning division

Divisional leadership

Paul Harris (BCom) joined ITSRR in January 2004. Prior to this appointment, he had extensive experience with State Rail in corporate human resource and business services management roles.

Division overview

The Corporate Services and Planning Division comprises approximately 11 staff (14% of all ITSRR staff).

The Division primarily contributes to the Corporate Governance Program, with the understanding that this provides the foundation for delivering the results and services of all corporate programs. For an outline of Corporate Governance Program’s results, see pages 55-70.

The Division provides the administrative, financial, human resource, information technology, and corporate planning and reporting services required for ITSRR to operate effectively. It also undertakes record and document management and manages employee relations, including personnel policies, recruitment, industrial arrangements, and the learning and development function.
1.2 corporate program results

Corporate program 1

Rail Safety Regulation ..................... 20

Corporate program 2

Strategic Coordination across Transport Modes ....................... 45

Corporate program 3

Transport Reliability Advice .................. 49

Corporate program 4

Corporate Governance ..................... 55
The diagram below outlines the intended results that ITSRR and its stakeholders work towards achieving on rail safety.

Combined with ITSRR's list of annual priorities, the results logic context sets the framework in which to review this program's list of achievements.
what does the program consist of?

Rail Safety Regulation is ITSRR’s major functional program and reflects ITSRR’s role as the safety regulator of the NSW rail industry.

Key stakeholders for this program include accredited rail operators, rail employees and unions, the Rail Safety Regulators’ Panel (comprising all State and Territory rail safety regulators), the National Transport Commission and Australian Transport Council, the Australasian Railway Association, the NSW Government through the Minister for Transport and the NSW Parliament.

The key results that ITSRR aims for in this program include ensuring “rail operators’ safety management systems meet legislated requirements” and that “rail operators focus on improving safety culture and processes”. These results require ongoing interaction between ITSRR and its key stakeholders.

To achieve these results, ITSRR provides the following services:

■ accreditation of railway operators to ensure they have the competence, systems and capacity to run operations safely;
■ verification of compliance with the Rail Safety Act 2002 and operators’ conditions of accreditation through audits, inspections and investigations;
■ taking appropriate compliance and enforcement action;
■ preparation of policy, regulations and guidance to rail operators to provide clarity and assistance to meet their safety obligations;
■ education and awareness activities including the Executive Safety Seminar series, a quarterly Rail Safety Strategic Forum for representative rail operators and unions to discuss priority safety issues, regulator workshops and publication of information to assist rail operators to understand and comply with their obligations;
■ preparation of certain reports on safety performance for publication and tabling in the NSW Parliament;
■ monitoring the implementation of safety initiatives required by legislation and of safety recommendations and actions detailed in external reports by independent investigators (e.g. the Special Commission of Inquiry into the Waterfall Rail Accident and Office of Transport Safety Investigations); and
■ research and data analysis to identify safety trends and areas for improvement for safety regulation in NSW.

Since its establishment, ITSRR has been developing a range of performance indicators to reflect the outcomes of its regulatory activities. These indicators are at an evolutionary stage, given the relative youth of ITSRR as a regulator, and the changing regulatory environment as rail safety reforms are introduced. A sub-set of these indicators are set out below against the relevant achievements of the Program.

In 2005-06 ITSRR’s corporate priorities for the Rail Safety Regulation Program were to:

■ Take action on identified rail safety management priorities;
■ Develop national model legislation for rail safety;
■ Verify and report on the implementation of Waterfall Inquiry recommendations;
■ Develop and implement a single integrated audit schedule, methodology and program for rail; and
■ Enhance ITSRR’s capability to expand and utilise its regulatory intelligence to determine safety management priorities for ITSRR’s attention.

The following achievements reflect these priorities.
achievements for 2005-06

ITSRR’s achievements on rail safety regulation are listed under the following four categories:

1. High priority rail safety issues;
2. Implementation of the Special Commission of Inquiry into the Waterfall Rail Accident report (Waterfall Inquiry report);
3. Regulatory practice; and
4. Input to national model legislation for rail.

I. high priority rail safety issues

Accountability for the day to day management of safety risks on the rail network clearly rests with rail operators.

As a regulator, ITSRR’s primary focus is on ensuring that rail operators have the competence, capacity and systems to manage these risks. ITSRR also focuses on specific operational safety issues where there is evidence of actual or potential negative safety outcomes.

ITSRR’s priorities in this regard in 2005-06 fell broadly into two categories:

i. Those that were planned and targeted by ITSRR at the beginning of the year as priority issues (through its Corporate and Divisional plans). These priorities were identified through analysis of information from a range of sources including incident trend data, findings of accident or incident investigation reports (especially the Waterfall Inquiry Report), and outcomes of ITSRR’s own audit and inspection programs.
   These included:
   ▪ Improved Safety Management Systems;
   ▪ Asset condition of rail infrastructure and rolling stock;
   ▪ Train protection systems;
   ▪ Train radio communication systems and protocols;
   ▪ Safety training and competency certification;
   ▪ Emergency response management;
   ▪ Security management;
   ▪ Safety culture; and
   ▪ Drug and alcohol programs.

ii. Those issues that emerged during the year requiring regulatory attention. These included:
   ▪ Responses to accidents, incidents or compliance breaches; and
   ▪ Changes in industry structure and ownership.

A summary of the activities and achievements against its priorities is outlined on page 23-44.
1.2 Corporate Program Results

Improved Safety Management Systems

A key finding of the Special Commission of Inquiry into the Waterfall Rail Accident was the inadequacy of the State Rail Authority’s (now RailCorp) Safety Management System (SMS), and the lack of clear regulatory guidance on the core elements required of such a system.

ITSRR’s own audits of operators across the industry also found considerable variability in the quality of systems to manage safety.

In light of these findings, ITSRR promoted the development of a nationally agreed set of requirements for a safety management system, known as the “National Rail Safety Accreditation Package”.

All State and Territory rail safety regulators contributed to the development of the package, which was endorsed by Australian Transport Ministers in late 2004.

During 2005-06, ITSRR acted as the lead agency on behalf of the Rail Safety Regulators Panel (comprising State and Territory rail safety regulators) to refine the Package to ensure its consistency with a concurrent review by Standards Australia of its rail safety management standard (AS4292.1).

ITSRR developed an audit checklist to be used by State and Territory regulators to ensure a consistent approach to auditing the new safety standards.

The checklist has also been made available to industry so that operators can undertake their own self assessments against the requirements.

In December 2005, ITSRR released for public consultation a draft “Safety Management System Guideline” setting out the proposed new requirements.

The Guideline was subsequently gazetted as a mandatory requirement for NSW operators. It comes into effect from 1 July 2006 for commercial railway operators, and from 1 January 2007 for heritage railway operators.

Performance Measurement of Rail Safety

ITSRR requires two distinct types of indicators to measure rail safety performance. The first category reflects industry performance; the second ITSRR’s corporate performance as a regulator.

Indicators reflecting industry performance signal a community outcome – a safe transport network. Measuring safety at this level can be difficult given that risks are dynamic and can involve a range of contributing factors such as infrastructure condition and human behaviour. Given this complexity, it is difficult to accurately predict safety failure. The focus for regulator action is to ensure that compliant safety management systems are in place and to monitor the potential precursor events to safety incidents. ITSRR is undertaking a project to investigate how to best measure this, as outlined on pages 47-48. The rail industry’s safety performance is discussed in detail in Part 2 of this report.

During the year ITSRR developed a comprehensive suite of corporate performance indicators and service measures that reflect its work on improving operators’ safety management systems, culture and processes. These indicators measure ITSRR results e.g. demonstrated positive responses by operators to ITSRR’s actions, as well as its service delivery e.g. audits, accreditations. The indicators aim to reflect the safety regulatory reforms occurring at State and national levels. Given that the reforms have only begun to be implemented during 2005-06 and will require further effort and finalisation prior to full effect, many of ITSRR’s indicators are unable to be reported until 2006-07. Where possible and as appropriate, ITSRR has included a small subset of these indicators in this Program’s report.
NSW transition to the new Safety Management System Guideline

Since early 2005 ITSRR has been working with operators as part of a transition process to implement the new requirements.

This work included:

- leading a national communication strategy to ensure all State and Territory rail safety regulators were aware and ready to implement the new requirements. ITSRR hosted a seminar in Sydney in September 2005 that was attended by 25 inter-State regulatory officers. ITSRR also provided written guidance material to inter-state partners;
- conducting seminars for industry operators and providing newsletters and fact sheets to outline the changes and transition arrangements to the enforcement of the new regime.

A significant accreditation result this year was accrediting RailCorp, NSW’s (and Australia’s) largest urban passenger rail operator against the new guideline in December 2005, some six months before the guideline was due to be mandated in NSW; and
- auditing operators against the new guideline during 2005-06, and offering advice about improvements which will be needed in order to be compliant from 2006-07.

Asset condition of rail infrastructure and rolling stock

The safe construction, maintenance and operation of railway infrastructure and rolling stock has been a major focus for ITSRR’s regulatory activities during the year. This has involved review of operators’ major projects for the construction or acquisition of new infrastructure or rolling stock, as well as the maintenance of existing infrastructure and rolling stock across the NSW network.
Major capital projects

A number of railway operators have in place major capital works for the construction of new track, signalling and train control systems and/or the acquisition of new rolling stock. It is important that safety is integrated into the design, build and operation of these assets.

Under the Rail Safety Act 2002, operators are normally required to seek variations to their accreditation for major capital projects. The variation application allows ITSRR to check that operators have the capacity, competence and systems in place to manage new works safely.

During 2005-06, ITSRR was involved in reviewing the following major projects in NSW:

- RailCorp’s acquisition of new rolling stock, including the current construction of 14 new cars for the Hunter Valley network and 122 new cars for the outer suburban network; and the tender to purchase new cars for approximately half the suburban fleet through a Public Private Partnership (PPP);
- RailCorp’s planning for the acquisition of new digital train radio technology for the metropolitan network;
- The Australian Rail Track Corporation’s (ARTC) proposal to introduce an Automatic Train Management System (ATMS) on the interstate rail network, and the current signalling rationalisation program on that network;
- RailCorp’s Rail Clearways Program with infrastructure developments designed to “untangle” the network to provide more reliable rail services in the metropolitan area; and
- ARTC’s proposal to construct a Southern Sydney Freight Line to increase capacity for freight movements into Sydney ports from the southwest.

Working with NSW tourist and heritage rail sector to understand the new safety requirements

ITSRR recognised that given the smaller scale of the heritage and tourist rail operators, they required a tailored approach to implement the new Safety Management System Guideline.

To assist heritage operators better understand the requirements for their operations, ITSRR held an information seminar in Sydney on 6 May 2006. Some 70 participants representing 25 heritage operators from around NSW attended the seminar.

Heritage operators were provided with an overview of recent and upcoming regulatory reforms and participated in workshops on health assessments and emergency planning. ITSRR also distributed copies of the Safety Management System Guidance for Tourist and Heritage Railway Operators which was recently published by the Rail Safety Regulators’ Panel, of which ITSRR is a member.

The guidance material will assist heritage operators develop safety management systems which comply with the new Safety Management System Guideline. Compliance by heritage railway operators is required by 1 January 2007, six months after the compliance date required for commercial rail operators.
performance indicator

Number of visits to ITSRR’s website

definition

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

result

Visits to ITSRR’s website

![Graph showing number of visits to ITSRR's website from 2004-2005 to 2005-2006]

comment/analysis

The increase in visits to ITSRR’s website reflects its expanded range of information and reports provided in a climate of ongoing rail safety regulation reform and ongoing public interest in transport reliability issues. The most accessed sites were publications, rail rules, reports and ITSRR’s publication on safety issues, the Transport Advisory Weekly.

forecast

With ITSRR’s position as a new regulator maturing, it is expected that visits to the website will stabilise.

Maintenance of existing infrastructure and rolling stock

The NSW rail network is made up of a complex mix of assets of varying age and condition. The way maintenance is managed also varies, with some maintenance work undertaken directly by the principal railway operator and other work contracted out to third party suppliers.

ITSRR’s audit and inspection activities are designed to test whether maintenance is being done according to accepted technical standards and that the processes for managing maintenance (including contracting relationships) set out clear accountabilities for the conduct and certification of these activities.

During 2005-06, ITSRR conducted comprehensive audits of infrastructure across NSW covering track, structures (mainly bridges) and signalling systems.

Audits were conducted on all three major networks: RailCorp’s metropolitan area infrastructure, ARTC’s interstate and Hunter Valley infrastructure, and the regional branch lines owned by the Rail Infrastructure Corporation and maintained under contract by the ARTC.

Audit and inspection activity was particularly targeted to those regions where incident data suggested poorer performance, such as the regional grain lines (known as Restricted Lines), and the Main South line that runs between Sydney to Albury.

ITSRR’s audit findings have been acted on by operators, who have made positive changes to their systems and practices and, in some cases, brought forward major maintenance programs to address identified issues.
Train protection systems

A key cause of the Waterfall accident was the failure of the deadman system to activate the emergency brakes when the driver suffered from a heart attack. The deadman system is intended to be a safety defence, forcing a train to stop if the driver is unable to operate the train in the usual manner. It does this by detecting the application of force to a handle or pedal of the train.

The Waterfall Inquiry found that the deadman system was not reliable in all circumstances. The Commission recommended:

- in the short term, that a secondary engineering defence for driver incapacitation be installed on all trains on the NSW network; and
- in the longer term, that RailCorp introduce (within a reasonable time frame) Automatic Train Protection on its network.

Secondary engineering defences

- RailCorp

Since the Waterfall accident, RailCorp has progressively installed a vigilance device in all its passenger trains (with the exception of some railcars in the Hunter Valley that are being phased out).

RailCorp has also removed material from train cabs that could be used to deliberately circumvent the deadman system. These actions have given effect to the Waterfall Inquiry’s recommendation for a secondary engineering defence on RailCorp trains and, combined with improved medical standards, have significantly improved defences against driver incapacitation.

- Other trains on the NSW network

The Waterfall Inquiry’s recommendation in relation to engineering defences extended to all trains on the NSW network.

At present freight trains, heritage trains and track maintenance machines do not have two engineering defences to mitigate risks from driver incapacitation. However, both freight and heritage operators have two persons on every train. The second person is seen as a form of defence in the event of driver incapacitation.

During 2005-06, ITSRR undertook a range of work to determine whether the existing defences in these trains were adequate. This resulted in the publication during March-April 2006 (available on ITSRR’s website) of the following reports:

- Driver Safety System Discussion Paper;
- International Search and Review of Engineering Safety Devices (Halcrow);
- Model of Risks of Driver Incapacitation; and
- Qualitative Assessment of Current Defences of Driver Incapacitation (Lloyd’s Register).
These reviews found that existing defences in passenger trains (with the secondary engineering defence) and in heritage and freight operations (with second persons riding with the driver) are sufficient. However, ITSRR concluded that operators of track maintenance vehicles should undertake further risk assessments of their defence systems.

ITSRR has written to all operators who are accredited to operate track maintenance vehicles advising the results of these studies and requesting operators to review their risk assessments and operating procedures. Operators were requested to advise ITSRR by 1 October 2006 of any intended action or measures to be implemented.

**Automatic train protection**

In the longer term, higher levels of protection against risks from driver incapacitation can be achieved through the introduction of an Automatic Train Protection (ATP) System. In response to the Waterfall Inquiry’s recommendations in this regard, RailCorp has commenced work on options for the introduction of such systems on its network and is due to present options to Government by late 2006.

To assist in the assessment of potential options, ITSRR published in November 2005 an information paper, “Driver Safety Systems and Automatic Train Protection” that included discussion of automatic train protection systems. The understanding of these issues has been hindered by variations in terminology, with the same terms sometimes being used to mean different things in different jurisdictions. It should be noted, particularly, that the Waterfall Inquiry report uses substantially non-standard terminology which has led to some potential for misinterpretation.

The information paper was therefore prepared by ITSRR to select a single terminology base. It will be used as far as practicable by ITSRR in its communications with the industry and Government on these matters.

**Train radio communication systems and protocols**

Effective communications is a critical input to the safe operation of railways.

During 2005-06, ITSRR continued to focus on improvements to communications in two key aspects:

- the compatibility and inter-operability of communications equipment (radios for example), so that in an emergency, drivers, signallers, train controllers and other relevant personnel (with different types of equipment) are able to talk to each other; and
- the use of standardised communications protocols.
Inter-operability of communications equipment

During 2005-06, ITSRR developed a regulation mandating requirements for the inter-operability of train radio communications between all passenger and freight trains operating on the NSW rail network in an emergency situation.

A draft regulation was released for public comment in December 2005. The Rail Safety (General) Amendment (Miscellaneous) Regulation 2006 was subsequently gazetted on 31 March 2006 with a commencement date of 1 September 2006.

Communication protocols

During the year ITSRR also verified the implementation of recommendations from the Waterfall Inquiry report aimed at ensuring the proper use of communications protocols across the NSW network.

This included RailCorp ensuring safety critical staff working in the Rail Management Centre implement strict communication protocols. ITSRR also conducted audits to monitor compliance with the protocols.

National reforms

Given the significance of communications systems to rail operations across the country, ITSRR has worked closely with the Australasian Railway Association (ARA) and the National Transport Commission (NTC) on longer term communications reforms.

In response to a referral from the NSW Minister for Transport, the NTC has agreed to develop a national regulation for communication systems and protocols subject to the outcome of an impact assessment. The NTC advises that the impact assessment will be conducted in the fourth quarter of 2006.

In the longer term, compatibility of train communications systems can only be ensured through the development of a national standard for communications. Such a standard is being developed by the ARA. ITSRR represents State and Territory Regulators on the ARA working group developing the standard and, during 2005-06, provided the ARA with high level functional specifications for safety which Regulators have agreed must be addressed in any standard.

Safety training and competency certification

Based on an analysis of findings and trends reflected in ITSRR’s audits and the Office of Transport Safety Investigations reports, ITSRR identified safety training and competency certification as a potential high risk requiring improvement.

ITSRR also recognised that a national approach was needed to ensure a better framework for training and competency levels.

Activities to implement this work during 2005-06 included:

- working with the Australasian Railway Association to review industry competency and assessment frameworks and explore options for a national rail industry competency certificate database;
- with the Victorian Department of Infrastructure and in consultation with industry, looking at means by which Crew Resource Management programs in aviation might be adapted for use in the rail industry; and
- initiating a project to review and update competency guidelines in preparation for the implementation of the National Model Rail Safety Bill. ITSRR is also developing tools to assist ITSRR officers to audit operators against competency assessment, certification and management requirements.
service measure

Number of compliance inspections conducted and compliance investigations commenced

definition

ITSRR conducts compliance inspections in conjunction with its audit program to ensure that legislative safety requirements of rail operators are being complied with. ITSRR conducts compliance investigations in response to selected incidents.

result

Number of compliance inspections and compliance investigations

<table>
<thead>
<tr>
<th>Year</th>
<th>Compliance inspections</th>
<th>Compliance investigations</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-06</td>
<td>150</td>
<td>30</td>
</tr>
</tbody>
</table>

comment/analysis

The number of inspections is linked to ITSRR’s audit schedule. The inspections verify the compliance of operators with safety legislation and their accreditation conditions. This is the first year of reporting against inspections using criteria clearly defining the stages of inspection and compliance.

In 2004-05 ITSRR did not have dedicated resources to conduct compliance investigations. It now has a unit within the Rail Safety Regulation Division to conduct such work.

forecast

ITSRR expects an increased number of compliance inspections as it continues to refine and improve its regulatory expertise and efficiency. ITSRR anticipates that with increased awareness and compliance with safety requirements by rail operators, the number of compliance investigations should decrease in forthcoming years.

Emergency response management

ITSRR works alongside other State and national response agencies to ensure procedures to respond to any major emergency are effective.

ITSRR has incorporated emergency response requirements into its audit checklist. ITSRR uses the checklist to ensure that operators have appropriate response plans in place and that these plans are regularly tested through training and exercise programs.

Security management

Under the Rail Safety Act 2002, rail operators are required to address security issues to ensure public safety on the NSW rail network. In accordance with the level of risk, ITSRR has focused its activities on operators who carry passengers, especially in the metropolitan area. Issues such as the transport of dangerous goods by freight operators are covered under dangerous goods legislation.

ITSRR is also working with WorkCover and the Department of Environment and Conservation to develop a Memorandum of Understanding that clarifies the roles and responsibilities of each agency in the transport of dangerous goods.

Security management is validated through ITSRR’s audit and inspection program as well as liaison with operators and other agencies in inter-governmental processes.

During the year ITSRR incorporated new security requirements into the Safety Management Systems Guideline.

Under the new Guideline, security planning and management is mandatory for all operators.

During 2005-06 ITSRR conducted four security and emergency response audits that identified that operators were addressing the new security requirements.

ITSRR also participated in ten inter-agency security planning exercises and provided input on transport security for the NSW Critical Infrastructure Management Framework and NSW Management Framework for surface transport security, which were led by the NSW Premier’s Department.
Safety culture

ITSRR defines safety culture as “safety related assumptions and norms that are shared by the majority of an organisation’s members and which are reflected in the way safety is actually dealt with in all areas of the organisation”.

ITSRR and rail operators see the development of safety culture within the rail industry as an important foundation for improving rail safety. Improvement of rail operators’ safety culture and processes is a key result identified in ITSRR’s results logic framework (see page 9).

During the year ITSRR continued a project that explores how to promote and measure the safety culture of operators.

The safety culture project is a collaborative safety improvement initiative rather than a regulatory compliance activity. It aims to assist rail operators with a systematic means of obtaining insight into their organisational safety culture, in order to identify opportunities for improvement.

During 2005-06, as part of this project, ITSRR:

- developed a safety culture assessment tool based on a scenario-based approach to provide qualitative insights into the safety culture of a rail organisation;
- trialled the safety culture assessment tool with a medium size rail operator, receiving overall positive feedback from the operator;
- provided support to RailCorp to conduct a quantitative safety culture survey. The survey was based on a previous survey conducted as part of the Special Commission of Inquiry into the Waterfall Rail Accident; and
- hosted a safety seminar for rail industry executives to discuss the concept of safety culture and consider the respective roles of rail operators and regulators in promoting and measuring safety culture.

In the coming year ITSRR plans to work with NSW rail operators to examine mechanisms for ongoing industry-wide measurement of safety culture.

ITSRR will also continue its consultation with members of the Rail Safety Strategic Forum that includes rail industry representatives and the Australasian Railways Association.
service measure

Number of total accredited operators, new accreditations and variations to accreditations.

definition

ITSRR is required under the Rail Safety Act 2002 to accredit all NSW rail operators. Accreditation reflects ITSRR’s verification that the rail operator has demonstrated the competency and capacity to operate safely. Once accredited, operators need to apply for changes to their accreditation if they intend to make changes to the way they operate.

result

The increase in the number of applications in 2005-06 reflects the changing nature of rail network ownership (including mergers, changes in company names etc) in NSW and other states (for cross-border travel).

The number of variations does not reflect any discernable trend and is a measure of ITSRR workload.

comment/analysis

The increase in the number of applications in 2005-06 reflects the changing nature of rail network ownership (including mergers, changes in company names etc) in NSW and other states (for cross-border travel).

The number of variations does not reflect any discernable trend and is a measure of ITSRR workload.

forecast

The number of new applications is unable to be forecasted.

Variations are expected to decline under the national model legislation which will be introduced in NSW in 2007-08. The new requirements narrow the trigger for variations to be approved by regulators and introduce new requirements for notification of changes to operations by rail operators to rail regulators.

Drug and alcohol program

ITSRR has a role in setting legislative requirements and guidance for drug and alcohol programs, including testing of rail safety workers and investigating positive notifications arising from drug and alcohol testing by either rail operators or ITSRR.

Rail operators have the primary responsibility to conduct drug and alcohol testing. ITSRR provides random testing through its own testing program aimed primarily at those smaller operators who do not conduct random testing as part of their program.

ITSRR also authorised operators officers from rail operators for drug and alcohol testing purposes, although it is scheduled to cease this activity later in 2006.

For a full overview of drug and alcohol testing that reflects rail operator activity, see the Annual Rail Industry Safety Report in Part 2.2 of this report.

Drug and alcohol regulation amendments

During 2005-06 ITSRR consulted industry stakeholders on draft amendments to the NSW regulations and guidelines for railway operator drug and alcohol programs and testing regimes. The amendments included improvements to the fairness and accuracy of testing processes, a wider range of permitted testing equipment, post-incident drug and alcohol testing and improved training requirements for drug and alcohol testing officers.

The amended regulations and revised guidelines are scheduled to commence in August 2006.

Testing program outcomes

During 2005-06, rail operators in NSW conducted 35,000 alcohol tests and 5,500 drug tests. ITSRR also received nearly 240 notifications of positive results from operators (see page 144). ITSRR reviewed all positive results to ensure appropriate action had been taken by the operator to both remove workers from safeworking activities and undertake rehabilitation or where necessary disciplinary action, in accordance with the drug and alcohol program.

As part of its random testing program first implemented this year, ITSRR officers conducted 220 alcohol tests, 21 drug tests and two targeted or “for cause” alcohol tests. Of these, there were no positive results.
1.2 Corporate program results

Rail safety investigations

Investigations of rail safety incidents can be undertaken by ITSRR, the Office of Transport Safety Investigations (OTSI), the Australian Transport Safety Bureau (ATSB) and/or Special Commissions of Inquiry.

ITSRR undertakes compliance investigations to determine if an accredited rail operator has breached the requirements of the Rail Safety Act 2002, ITSRR guidelines or the accredited operator’s conditions of accreditation. Depending on the nature of its findings ITSRR may elect to drive safety related improvements through either facilitated compliance activities, the issue of statutory notices or via a prosecution against an operator or individual.

The OTSI undertakes investigations of rail, bus and ferry accidents in NSW that are independent of both the operator and the regulator. In the case of rail accidents, it conducts its investigations in accordance with the Rail Safety Act (s67). These investigations do not generally seek to apportion blame against an individual or an accredited operator and cannot be used by ITSRR as evidence in any prosecution under the Rail Safety Act 2002. The investigations focus on a systemic approach to determine why an incident has taken place and make recommendations to prevent recurrence. OTSI investigation reports are tabled in the NSW Parliament and made publicly available.

ITSRR is also working to ensure the implementation of recommendations arising from independent accident investigation reports. To date, ITSRR’s focus has been on the implementation of the Special Commission of Inquiry into the Waterfall Rail Accident (see page 35). However ITSRR also requires accredited operators to provide advice on their implementation of recommendations from OTSI and ATSB reports. ITSRR uses the reporting methodology developed to review, verify and report on the implementation of Waterfall Inquiry report’s recommendations to track implementation of those reports.
Response to specific accident, incidents or potential compliance breaches

In addition to the targeted safety priorities set out above, ITSRR also responded to a number of specific safety incidents during the course of the year. These included (but were not limited to):

- October 2005: the Minister for Transport requested ITSRR to review documents supplied by RailCorp and the Roads and Traffic Authority (RTA) in relation to visible cracking in the concrete columns supporting the City Circle Line and Cahill Expressway. RailCorp and RTA are joint owners of this infrastructure. ITSRR determined that both agencies had certified the structural adequacy of the columns, that they would continue to monitor these appropriately and that any safety risks to the public had been addressed.

- February 2006: the derailment near Harden of a CountryLink train travelling from Sydney to Melbourne. There were no injuries associated with the incident. RailCorp temporarily removed the XPT fleet from service and following ITSRR’s directions, returned it to service under an enhanced maintenance regime;

- April 2006: the death of a rail safety worker on a heritage rail service at Ariah Park in south-western NSW. ITSRR issued notices to heritage operators prohibiting the shunting practices of the type involved in this incident and identifying the safe boundaries for working in shunting areas. ITSRR also identified that network rules that govern all such services needed to be updated to ensure safety controls were heightened for carriages without buffers.

Changes in industry structure and ownership

The rail industry has experienced significant structural change since the break up of the single state-owned railway authority in the mid 1990s. The transport industry has seen the entry of new private players (especially in freight and maintenance activities), the split of the NSW network into three major networks owned by different (publicly owned) entities, and changes in industry ownership through mergers and acquisitions.

Whenever there is a change of ownership, or a new entry into the industry, ITSRR is required to issue a new accreditation notice. In doing so, ITSRR aims to ensure that the new entity has the appropriate systems in place to manage safety.

During 2005-06, ITSRR issued 12 new accreditation notices. A number of operators also left the market or merged into new entities, leaving a total of 77 accredited operators at the end of June 2006.

Other major accreditation activities during the year included:

- the transition of RailCorp from provisional to full accreditation following an extensive two year process implementing a new safety and risk management system;

- implementation of a compliance inspection program targeted at the governance arrangements in place to manage safety in Pacific National (the major private national rail freight company) during the takeover bid by Toll Holdings over Pacific National’s other shareholder, Patrick. ITSRR’s compliance program sought evidence that the on-going management of the company’s safety systems were not undermined by the governance issues arising from the takeover bid;

- consideration of an application by the Rail Infrastructure Corporation (RIC) for an exemption from accreditation in relation to its ownership of the Country Regional Network (CRN). RIC sought exemption on the basis that the day-to-day safety management of the network is managed under contract by the Australian Rail Track Corporation (ARTC).

The ARTC is also accredited as the manager of the CRN. As at 30 June 2006, ITSRR had not granted an exemption to RIC, but had advised RIC to review its Safety Management System (SMS) to ensure that it accurately reflects the respective safety accountabilities of RIC (as network owner) and ARTC (as the network manager), including RIC’s accountabilities to monitor (through review and audit) ARTC’s safety performance. ITSRR expects to review RIC’s application for exemption once the revised SMS has been completed.
2. implementation of the Waterfall Inquiry Report

The Special Commission of Inquiry into the Waterfall Rail Accident Final Report (Waterfall Inquiry Report) was released in January 2005. The Commission made 177 specific recommendations (comprising 127 primary recommendations and 50 sub-actions) relating to the regulation of rail safety, the management of safety by operators (especially RailCorp), the capacity for independent investigations of rail accidents, and the transparency of reporting on progress in implementing recommendations from independent investigations.

ITSRR has three distinct roles in the implementation of the Waterfall Inquiry Report’s recommendations:

- implementing those recommendations relating to legislative reform or regulatory practice (for example, new or amended regulations or guidelines, setting standards for industry performance, the capacity and competence of ITSRR as a regulator, ITSRR’s auditing practices, business processes etc). These represent around a third of all recommendations;

- verifying through audit and inspection implementation by the industry (especially RailCorp) of recommendations directed to operational matters. These represent around two thirds of all recommendations;

- providing quarterly reports to the Minister for tabling in Parliament and for publication about progress in implementing all the Waterfall Inquiry Report’s recommendations. Such reporting was a recommendation in the Report.

By 30 June 2006, 132 (or 75%) of all recommendations had been verified and closed.

Full details of the implementation program are in ITSRR’s Quarterly Reports, available on ITSRR’s website.

A summary of the major reforms in 2005-06 arising from the Waterfall Inquiry Report is outlined below. Given that the Waterfall Inquiry has driven many of the general rail safety reforms over recent years, some of these initiatives are described in further detail in other parts of this report.
performance indicator

Percentage of total Waterfall recommendations verified by ITSRR as implemented (“closed”)

definition

This indicator monitors the cumulative implementation of the Special Commission of Inquiry into the Waterfall Rail Accident report. The report listed 177 specific recommendations (comprising 127 primary recommendations and 50 sub-actions) to be implemented by RailCorp, ITSRR and other agencies.

result

% of total Waterfall recommendations implemented (cumulative)

comment/analysis

This is a substantive result, reflecting adherence to scheduled time-frames by a wide range of stakeholders. The issues often require considerable investment and effort to implement and can span several years to fully address. Specific achievements are outlined on pages 35-37.

forecast

ITSRR expects 88% of recommendations to be verified as closed by the end of 2006-07.

The other 12% of recommendations are of a longer term nature requiring development of standards, often at a national level. ITSRR will monitor these to ensure all recommendations are closed out in accordance with their scheduled time-frame.

Reforms to legislation or regulatory practice

During the year ITSRR provided advice to Government leading to the drafting of new or amended regulations or guidelines involving the following matters:

- the content of accredited operator Safety Management Systems (scheduled to come into effect on 1 July 2006 for commercial operators and 1 January 2007 for heritage operators);
- requiring all passenger and freight trains operating on the NSW rail network to have a radio communications system that is compatible and interoperable in an emergency situation, as well as a back up system (scheduled to come into effect from 1 September 2006);
- mandating drug and alcohol testing following certain accidents and/or incidents;
- increasing penalties for offences relating to interference with train doors and unauthorised use of safety equipment.

Publication of guidance

ITSRR also published a range of guidance on safety issues arising from the Waterfall Inquiry Report including:

- its analyses of risks associated with driver incapacitation and defences in place to protect against those risk;
- a policy on the application of secondary engineering defences to such risks; and
- an information paper on Automatic Train Protection to ensure consistent use of terminology with NSW.

ITSRR management

Also arising from the Waterfall Inquiry Report were actions required of ITSRR in its regulatory activities and corporate governance. During the year, these included:

- incorporating processes in ITSRR’s audit program to test the application of communications protocols by rail employees across the network;
- implementation of an internal electronic document management system;
- completion of a Memorandum of Understanding with the Office of Transport Safety Investigations to coordinate responses to accidents and incidents on the NSW network and to facilitate the sharing (where appropriate) of information; and
- a review of staffing arrangements to ensure adequate capacity for field inspections.
Operational safety reforms by industry

During the year ITSRR verified through field inspection the implementation of recommendations by RailCorp, which is responsible for implementing 60% of the Waterfall Inquiry Report’s recommendations. These included:

- implementation of its safety management system and risk management framework;
- a new safety culture plan, including the appointment of a safety reform Program Director;
- introduction of training for drivers and guards to promote teamwork and discourage adverse authority gradients, e.g. the perceived differences in authority of specific roles that can lead to inappropriate actions being taken;
- improved reporting procedures for train defects;
- introduction of an internal and external audit program to evaluate the adequacy of RailCorp’s safety management system and risk control measures;
- a full review of the safety competence of RailCorp’s managers to ensure that each has the ability to bring about those safety reforms recommended in the Waterfall Inquiry Report applicable to their position;
- implementation of interactive simulator training for guards and drivers in circumstances such as passing signals at stop or trespassers in the rail corridor;
- establishment of a training centre for emergency services personnel; and
- development and implementation of a comprehensive incident management framework outlining command and control procedures for rail emergencies.

ITSRR’s quarterly reports on the implementation of recommendations of the Special Commission of Inquiry into the Waterfall Rail Accident for the NSW Parliament demonstrated that considerable progress has been made.
service measure

Number of statutory notices issued

definition

This indicator measures the number of statutory notices (improvement, prohibition and penalty) issued by ITSRR to rail operators for non-compliance with rail safety legislation. Use of enforcement is viewed by ITSRR as a last resort action, with primary focus on education and liaison with operators to ensure they understand and comply with safety requirements.

result

The rise in the number of prohibition notices reflects ITSRR’s issue of a prohibition notice to a number of operators on safer shunting practices following a shunting fatality, and re-issued the notice to the same number of operators to reflect further advice on such procedures. No penalty notices were issued.

comment/analysis

ITSRR expects the number of prohibition notices to decline in 2006-07 given a change in its issuing policy. Whereas in the previous two years ITSRR has issued prohibition notices to all operators often in regard to a single issue arising from one operator, in future a prohibition notice will only be issued to the operator concerned and other operators will be advised on changes needed in procedures.

3. regulatory practice

Since the Glenbrook and Waterfall accidents, there has been major reform in NSW of legislation regulating rail safety, and significant enhancements of ITSRR’s powers as the NSW rail safety regulator.

ITSRR recognises that it has a level of discretion in using such powers. Its approach is to monitor and target rail operators based on the level of risk to safety of their activities.

ITSRR uses a framework of graduated responses to non-compliance based on the “enforcement pyramid”. The pyramid was developed by Braithwaite in Australia during the 1980s following a number of coal industry accidents and now widely adopted by regulators around the world. (Braithwaite published a report in 1985, “Punish or persuade: enforcement of coal mine safety”.)

The pyramid sets out sanctions available to a regulator, ranging from the facilitative or non-statutory approaches of education and liaison at the base of the pyramid to the statutory or punitive sanction of criminal sanction or licence (accreditation) suspension at the top of the pyramid.

During 2005-06, ITSRR focused on two major initiatives to further improve its regulatory practices:

- the development of an integrated audit program using documented standards and audit tools; and
- improvements to ITSRR’s regulatory intelligence: converting data into useful intelligence through better collection and analysis.
performance indicator

% of ITSRR statutory notices requested for review by rail operators

definition

ITSRR’s statutory notices reported on in this indicator comprise its Improvement and Prohibition Notices. Rail operators have the right to request an initial review by ITSRR on these notices. If the operator is not satisfied with ITSRR’s decision, they may seek further review by the Administrative Decisions Tribunal (ADT).

The indicator measures the extent to which rail operators accept ITSRR’s regulatory directions. It is the first year of reporting against this indicator.

result

<table>
<thead>
<tr>
<th>Improvement Notices</th>
<th>2005-06</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total no. of improvement notices issued by ITSRR</td>
<td>10</td>
</tr>
<tr>
<td>■ No. (and %) of internal reviews requested of ITSRR</td>
<td>6 (60%)</td>
</tr>
<tr>
<td>■ No. (and %) of appealed Improvement Notices upheld by ITSRR</td>
<td>3 (50%)</td>
</tr>
<tr>
<td>■ No. (and %) of reviews submitted to the Administrative Decisions Tribunal (ADT) review</td>
<td>0 (0%)</td>
</tr>
<tr>
<td>■ No. (and %) of ITSRR notices upheld by the ADT</td>
<td>n/a</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Prohibition Notices</th>
<th>2005-06</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total no. of prohibition notices issued by ITSRR</td>
<td>73</td>
</tr>
<tr>
<td>■ No. (and %) of internal reviews requested of ITSRR</td>
<td>2 (3%)</td>
</tr>
<tr>
<td>■ No. (and %) of appealed Prohibition Notices upheld by ITSRR</td>
<td>1 (50%)</td>
</tr>
<tr>
<td>■ No. (and %) of Prohibition Notices submitted for ADT review</td>
<td>0 (0%)</td>
</tr>
<tr>
<td>■ No. (and %) of ITSRR notices upheld by the ADT</td>
<td>n/a</td>
</tr>
</tbody>
</table>

comment/analysis

The number of requests for review to ITSRR relate primarily to improvement notices issued (rail operators sought six reviews of the ten improvement notices issued). Overall, ITSRR upheld 4 statutory notices and withdrew 4. ITSRR is continuing to refine its processes for issuing notices.

forecast

With further improvement to ITSRR processes for issuing notices and ongoing liaison with the rail industry to lift the understanding of the intended purpose of statutory notices, ITSRR expects the appeal percentage to decrease.
ITSRR’s audit and inspection program

ITSRR manages a comprehensive audit and inspection program, which includes scheduled audits required under rail safety legislation (see key performance indicator on this page) and additional compliance audits and inspections to respond to selected incidents or issues and safety trends (see key performance indicator on page 30).

The integrated audit schedule incorporates ITSRR’s annual and tri-annual audit plans of rail operators. It factors in preparing for major changes, such as the new accreditation requirements, and monitors both statutory requirements as well as officer workload.

During the year, ITSRR’s audit and inspections of all main passenger and freight operators focused on three broad criteria:

- compliance with the Rail Safety Act 2002;
- operators’ implementation of their accreditation conditions; and
- operators implementation of change management requirements in accordance with the Safety Management System (SMS) Guideline.

Overall, ITSRR found that most operators were reviewing and updating their systems to meet the requirements of the SMS Guideline.

More specifically, ITSRR found that:

- most operators were continuing to work towards implementing systems with more robust risk management frameworks;
- there were a number of issues on training and competency that operators needed to address; and
- operators needed to be more rigorous in their safety validation of new equipment.

ITSRR’s audits in 2006-07 will require operators to implement actions to rectify any non-conformance with the new safety system requirements.
ITSRR recognises that its ability to collect and analyse a range of safety data is critical to achieving its intended results on improving safety and better targeting the use of its resources.

During the year ITSRR continued to expand its range of regulatory intelligence based on internal and external data. This data is derived from a number of sources, including data arising from ITSRR’s audit and accreditation activities and from operator notification of reportable incidents.

As noted on page 65, ITSRR has put considerable effort into constructing an information technology system that collates all relevant regulatory data for its regulatory tasks.

This work is enabling data and information from various sources to be brought together to provide a balanced picture of known and potential future risks to rail safety to ensure ITSRR can better target its regulatory actions.

During the year ITSRR also improved its ability to locate and respond to rail safety incidents by mapping incident locations to three networks (Australian Rail Track Corporation, RailCorp, Country Rail Infrastructure Corporation) to enable a more informed network-based analysis of safety risks.

A web-based incident notification system was also developed, broadening ITSRR’s capacity to capture smaller operators’ incident data and improving its visibility of the rail environment. A pilot implementation of the scheme has been conducted with four operators.

In order to use this data in a risk-based and systematic way, ITSRR began its development of a “regulatory intelligence” strategy. The strategy is based on analysing the current importance of data received from operators in contributing to potential safety incidents and nominating the relevant actions needed to address such issues to prevent negative safety outcomes.

The strategy will work towards developing a collective understanding of the criteria for determining safety priorities and appropriate actions. Such decisions should balance a response to safety failures with a preventative approach to accidents by being aware of, and intervening to, address emerging risks.

ITSRR expects to progress this work in consultation with the industry in 2006-07.
The freight rail industry is increasingly becoming more national, rather than state-based in character, with current indications that it will dramatically increase in scale. This has led to industry calling for, and rail safety agencies recognising, the need for nationally consistent safety regulation.

The National Transport Commission (NTC) has been tasked by the Australian Transport Council to develop proposed reforms to improve and strengthen the co-regulatory system for rail safety including the application of mutual recognition.

The NTC is a national body funded by all nine governments (Commonwealth, State and Territories) responsible for developing transport reforms in consultation with government and industry.

Once finalised, the NTC submits reform proposals to the Australian Transport Council for voting and subsequent implementation by individual jurisdictions.

As the rail safety regulator of one of the largest states and with the most diverse and complex rail network, ITSRR has taken a leading role in conjunction with the NTC to develop the national reform package that includes the National Model Rail Safety Bill, regulations and guidance, as well as institutional review.

ITSRR has worked to ensure that the recommendations of the Special Commissions of Inquiry into recent rail accidents in NSW are addressed in the national reforms.

During 2005–06 ITSRR’s contribution to the national reform process included:

- ITSRR Chief Executive chairing the National Rail Safety Package Steering Committee, which provided policy advice to the NTC to develop the national rail safety reform package;
input to the drafting of the National Model Rail Safety Bill and Regulations as part of the NTC Legislation Advisory Panel;

- participation in the NTC reference group to develop draft national model regulations, which is ongoing; and

- establishing a Rail Safety Regulators Panel working group and acting as lead agency to develop national guidelines for accreditation notices and conditions, as well as a process to develop consistent state and territory accreditation notices for national railway operators. The draft guidelines were approved “in-principle” by the Panel in May 2006.

In May 2006 this work culminated in the NSW Government endorsement of the National Model Rail Safety Bill and unanimous endorsement by Commonwealth, State and Territory Transport Ministers at the Australian Transport Council meeting in June 2006.

The NSW Government has indicated its intention to introduce legislation to the NSW Parliament in 2006-07 to give effect to the national provisions.

In anticipation of the national reforms, ITSRR consulted NSW stakeholders, including operators, unions and the Australasian Railway Association, and developed amendments to NSW regulations to complement national model provisions for operator accreditation and notification requirements.

ITSRR also produced regular information alerts for key stakeholders to keep them informed of the schedule for implementation of the national model legislation.

ITSRR also drafted instructions for NSW Parliamentary Counsel for preparation of the NSW Bill.
future directions

The future directions for ITSRR’s corporate program “Rail Safety Regulation” reflect its 2006-07 priorities in its Corporate Plan 2006-09.

The Plan was developed using internal corporate knowledge, including stakeholder analysis and a risk assessment of ITSRR’s internal and external opportunities and risks.

ITSRR’s future directions for this program are as follows:

■ Target the following key issues with rail operators –
  — proactive risk management;
  — integration of safety management programs;
  — infrastructure condition;
  — change management programs; and
  — fatigue management

■ Implement new improved requirements for Safety Management Systems for NSW rail operators

■ Support NSW Government to introduce the national model legislation in NSW.

■ Progress remaining Waterfall Inquiry recommendations

■ Ensure capture of compliance and enforcement business processes into the Corporate Management System and use by staff

■ Further build high quality safety data (PRISM)

■ Action proactive intervention strategies

■ Develop risk profiling tools for the rail industry sectors.
The diagram below outlines the intended results that ITSRR and its stakeholders work towards achieving on coordination of safety regulation across the rail, bus and ferry transport modes.

Combined with ITSRR's list of annual priorities for 2005-06, the results logic context sets the framework in which to review this Program's list of achievements.
performance indicator

Number of safety and/or regulatory reforms identified and agreed to by regulators through the Transport Regulators’ Executive Committee (TREC)

definition

The indicator measures the recognition and commitment of regulators to safety-related reforms. The number of reforms reflects distinct changes to safety regulation issues, including initiatives relating to communication between regulators.

result

Safety and/or regulatory reforms identified and agreed through TREC

comment/analysis

This is the first year of reporting against this indicator. The result reflects the progress made against TREC’s workplan, as recorded in its meeting minutes. More detail on the initiatives progressed are reflected in the program text.

forecast

Dependent on ongoing inter-agency cooperation and the pace of both State and national safety reforms across all transport modes.

what does the program involve?

This program reflects ITSRR’s legislated mandate to provide strategic coordination on safety regulation across the rail, bus and ferry transport modes in NSW. This involves ITSRR working in cooperation with the regulators of buses (Ministry of Transport) and ferries (NSW Maritime) to promote improvement and consistency where appropriate in safety regulation of rail, bus and ferry services.

Key external stakeholders for this Program include the Ministry of Transport, NSW Maritime, the Minister for Transport and the Minister for Ports and Waterways.

The primary result that ITSRR aims for in this Program is to promote or facilitate “improvements by regulators to safety regulatory frameworks for rail, bus and ferry services”. This result requires ongoing interaction between ITSRR and its key stakeholders.

To achieve these results, ITSRR provides the following services:

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

Since its establishment, ITSRR has been developing a range of performance indicators to reflect the outcomes of its regulatory and inter-agency activities. Relevant indicators for this program are set out below against program achievements. These indicators are at an evolutionary stage, given the relative youth of both ITSRR as a regulator and the TREC, and will continue to be reviewed and, where necessary, refined in the coming year.

The corporate priority for 2005-06 for this program was to:

- Establish and report on performance measures for transport regulators and across transport modes.

The following achievements reflect this priority as well as other ongoing work that NSW transport safety regulators have undertaken during the year.
achievements for 2005-06

To ensure high level commitment to coordinated approaches to transport safety regulation, ITSRR has established and chairs regular meetings of the chief executives of the Ministry of Transport and NSW Maritime on the Transport Regulators’ Executive Committee (TREC).

During the year, TREC discussed common strategies for:
- achieving a transparent safety regulatory framework across modes; and
- promoting consistent approaches to cross-modal safety.

This work has involved a thorough review of the Waterfall Inquiry recommendations and their relevance to safety in other transport modes. It has also involved initiating a framework to monitor and report against the implementation of reports prepared by the Office of Transport Safety Investigations. More information on this work is outlined in the Cross-modal Transport Safety Report in Part 2.4.

Specific reforms examined by TREC included:
- the development of consistent drug and alcohol regulations and guidelines for rail, bus and ferry sectors;
- issues in relation to the development of an inter-agency agreement with the Office of Transport Safety Investigations by all TREC agencies; and
- a co-ordinated review of penalties associated with the mis-use or tampering of emergency release equipment (to be completed in 2006-07).

During the year ITSRR conducted a survey of TREC members to measure their satisfaction with the effectiveness and efficiency of TREC. All indicated a high level of satisfaction. The positive and collaborative approach by TREC Chief Executives is reflected in the performance indicators below.

During 2005 TREC initiated an officer level working group comprising corporate planning and reporting staff from the three safety regulator agencies. The group’s mandate was to identify, review and report on appropriate performance measures for transport safety and regulator effectiveness.

These indicators reflect both transport safety outcomes (e.g. fatalities, injuries) as well as organisational performance issues (e.g. compliance by operators with regulation, education activities).

It was noted at both officer and TREC Chief Executive levels that consistency of indicators across the three transport modes of rail, bus and ferry was not the intended aim of this work. In this respect, benchmarking against consistent criteria is often not possible given that each transport sector has different characteristics, and each agency has a range of tasks that aren’t necessarily common to all.

Rather, the focus was to ensure a collective understanding of how and what each agency reported and to test whether lessons could be learned from each sector to improve safety data and analysis across all public transport sectors.
service measure
Percentage of CEO attendance at Transport Regulators’ Executive Committee (TREC) meetings

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

result
CEO attendance at TREC meetings

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

forecast
CEO attendance expected to remain high.

service measure
Percentage of TREC workplan implemented to schedule

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

result
TREC workplan implemented to schedule

comment/analysis
This is a positive result given an ambitious workplan. Some slippages in the workplan occurred due to the wide range of issues outlined in the workplan and the need to involve a number of stakeholders. Projects not completed have been carried over to the 06/07 workplan.

forecast
ITSRR expects a similar result to 2005-06.

This work recognises that the same safety principles apply across the modes. The efforts by the three transport regulators to share information and learnings on safety can therefore lead to recognition of necessary safety reforms, improved implementation of those reforms, enhanced reporting and, ultimately, a positive contribution towards transport safety for the rail, bus and ferry sectors.

One outcome of this work is reflected in the Cross-modal Transport Safety Report in Part 2 of this Report. However it is noted that further work is needed to improve the understanding and reporting on industry safety indicators.

Another result has been a shared knowledge of policy approaches and processes underpinning each agency’s Corporate Plans and Results and Services Plans. This has informed agencies’ ongoing review and refinement of organisational performance indicators.

future directions

The future directions for ITSRR’s corporate program “Strategic coordination of transport across modes” reflect its 2006-07 priorities in its Corporate Plan 2006-09.

The Plan was developed using internal corporate knowledge, including stakeholder analysis, and a risk assessment of ITSRR’s internal and external opportunities and risks.

ITSRR’s future directions for this program are as follows:

■ Continue to lead the identification and implementation of safety reforms across the public transport modes of rail, bus and ferry services;

■ Scope and use consistent reporting frameworks for monitoring implementation of external investigations into NSW rail, bus and ferry accidents; and

■ Scope and share information across regulators on industry safety and organisational performance indicators.
The diagram below outlines the intended results that ITSRR and its stakeholders work towards providing independent advice on transport service reliability and sustainability.

Combined with ITSRR’s list of annual priorities for 2005-06, the results logic context sets the framework in which to review this Program’s list of achievements.
**Annual Report 2005-2006**

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**Performance Indicator**

**Number of major public reports prepared**

**Definition**

ITSRR publishes a number of reports, often including both interim and final reports, each year dealing with the reliability of publicly funded transport services. ITSRR also may publish reports on matters referred to it by the NSW Minister for Transport.

**Result**

<table>
<thead>
<tr>
<th>Major public reports prepared</th>
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<tr>
<td>04-05</td>
</tr>
<tr>
<td>0</td>
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</tbody>
</table>

**Comment/Analysis**

The increase this year reflects ITSRR’s expanded range of reporting that included reports on impacts of freight incidents on CityRail on-time running and an analysis of the impacts on customers of changes to the CityRail timetable.

**Forecast**

Unable to forecast given that whilst a number are planned, others may be requested by the Minister for Transport.

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**What does the program involve?**

The Transport Reliability Advice Program reflects ITSRR’s statutory role in providing advice about the performance of publicly funded transport services against standards set by the NSW Government.

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

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

The primary **results** that ITSRR aims for in this Program are to ensure that “Government and transport operators are aware of reliability and sustainability issues and results” and that there is “community awareness of reliability issues and results”.

Key external **stakeholders** for this Program include the Minister for Transport, industry operators and the public.

To achieve these results, ITSRR provides the following services:

- preparation of advices and reports to the Minister;
- preparation of public reports; and
- liaison with transport service operators for data collection and report preparation purposes.

Since its establishment, ITSRR has been developing a range of performance indicators to reflect the outcomes of its independent transport advisory activities. The trend data reflects ITSRR’s relative youth as an organisation. These indicators are set out against the relevant achievements of the Program.

The corporate priority for 2005-06 for this Program was to:

- Provide advice to Government and publish reports on the performance and sustainability of publicly funded transport services.

The following achievements report against this priority.
achievements for 2005-06

ITSRR’s achievements for its Transport Reliability Advice program include:

■ independent advice provided to Government;
■ major public reports; and
■ research and analysis.

independent advice provided to government

A primary focus for ITSRR’s reporting during the year was to provide independent advice to the NSW Government on CityRail and CountryLink. This advice identified sustainability issues as well as performance against organisational service agreements.

Detailed advice was provided to the Minister on CityRail’s development and implementation of its new timetable.

ITSRR also provided the Government with advice on sustainability and performance issues relating to the Rail Infrastructure Corporation (RIC).

It is pleasing to report that the problems with the lack of reporting being provided to ITSRR by RIC outlined in ITSRR’s 2004-05 Annual Reliability Report are now being addressed by RIC. Further comment on this is provided in ITSRR’s 2005-06 Annual Transport Reliability Report (see Part 2.3 of this report).
ITSRR’s public reports on issues relating to the reliability and sustainability of the transport network are available on ITSRR’s website.

Annual Transport Reliability Reports

ITSRR is required under the Transport Administration Act 1988 to prepare an Annual Transport Reliability Report. This report covers rail, bus and ferry reliability and sustainability issues. During 2005-06 ITSRR prepared the Annual Transport Reliability Report 2004-05 that was published as part of ITSRR’s Annual Report 2004-05.

This year’s Reliability Report is at Part 2.3 of this report.

Impact of freight train incidents on CityRail passenger services report

During the year ITSRR prepared a report requested by the Minister for Transport on the impact of freight train incidents on CityRail passenger services. An Interim report was presented to the Minister in July 2005, with the final report presented in February 2006.

Both reports found that incidents involving freight trains do not have a substantial impact on CityRail’s overall on-time running.

The final report noted a number of areas for consideration by Government aimed at enhancing the performance of freight and passenger trains sharing the same network.

It also advised that recent decisions by the Council of Australian Governments (COAG), with respect to rail and freight, had significant implications for freight on the metropolitan rail network.

No. of routine advices prepared for the Minister

<table>
<thead>
<tr>
<th>Number</th>
<th>04-05</th>
<th>05-06</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>0</td>
<td>3</td>
</tr>
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</table>

The increase in routine advices provided reflects the commencement of regular advice on reports under the Rail Performance Agreement and advice on the new CityRail timetable.

Unable to forecast given that whilst a number are programmed, others may be requested by the Minister for Transport.
Independent survey of CityRail customer service delivery

During the year ITSRR commissioned an annual CityRail customer survey, similar to previous years. This provides independent oversight of RailCorp’s service delivery for its CityRail services and its impact on rail passengers. The report was published in October 2005.

A mini survey report dealing with CityRail customer perceptions following the introduction of the 2005 timetable was published in February 2006. The aspects of CityRail services assessed by the two surveys included: punctuality, train frequency, delays and cancellations, journey time, standing time on trains, and crowding.

The survey’s key findings were that since the introduction of the new rail timetable in September 2005, CityRail customers have experienced better levels of service and more have had their expectations of CityRail service met, but that there is still substantial room for improvement. The most notable improvement for CityRail customers was service punctuality. The proportion of train users whose expectations of CityRail punctuality were being met increased from 38% in mid-2005 to 78% by the end of 2005.

Research and analysis

Preparation of service reliability advice and public reports, as well as internal advice for the rail safety regulation program, is underpinned by a substantial amount of research and analytical work.

During 2005-06 this included:

- development of a framework and indicators for predicting some potential rail safety issues. Further research is scheduled for 2006-07;
- research into comparative practices of passenger rail performance monitoring;
- identification of international rail infrastructure asset condition guidelines identifying technical standards; and
- research into rail infrastructure and freight issues, in light of Council of Australian Government’s decisions regarding urban congestion and freight.
future directions

The future directions for ITSRR’s corporate program “Transport Reliability Advice” reflect its 2006-07 priorities in its Corporate Plan 2006-09.

The Plan was developed using internal corporate knowledge, including stakeholder analysis, and a risk assessment of ITSRR’s internal and external opportunities and risks.

ITSRR’s future directions for this program are as follows:

- Increase the depth of advice in relation to:
  - above and below rail capacity on the RailCorp network
  - the Country Rail Network
  - bus performance
  - ferry performance;

- Conduct further research in Australia and overseas, focusing on predictive indicators of safety, asset standards and procurement arrangements for funded transport services; and

- Document and utilise business processes in ITSRR’s Corporate Management System.

performance indicator

Percentage of reports/advises provided to the Minister within scheduled time-frames

definition

This indicator reflects ITSRR’s timeliness in providing the required reports and advices to the NSW Minister for Transport.

result

% of reports/advises provided to the Minister within scheduled time-frames

0 20 40 60 80 100

04-05 05-06

comment/analysis

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

forecast

Expect to achieve the same result.
The diagram below shows that ITSRR’s Corporate Governance Program is an “enabling” service that underpins the effective delivery of results and services provided by ITSRR’s other three programs.

Combined with ITSRR’s list of annual priorities for 2005-06, this results-services context sets the framework in which to review this Program’s list of achievements.
what does the program consist of?

ITSRR defines the term “corporate governance” to cover five broad categories of activity:

- Governance and management systems;
- Accountability frameworks;
- Workforce capability, including staff development and wellbeing;
- Financial and asset management, including information technology capabilities; and
- Environmental management.

This Program contributes to all these areas. Every Division of ITSRR contributes to corporate governance, with primary carriage of program activities provided by the Corporate Services and Planning Division. The Program ensures that Government and statutory obligations required of ITSRR are met and that ITSRR’s functions are appropriately resourced.

This program area differs from the other three in that it is not a result in itself. Rather, it enables the achievement of results in other ITSRR programs by providing quality services that allows the other areas to function optimally. Its service goal is to provide “Excellence in corporate governance”.

ITSRR’s primary stakeholders for this program are its staff, the NSW Government and the NSW Parliament.

To achieve its service goal, ITSRR provides the following services:

- Corporate planning and reporting systems;
- Knowledge and information management systems;
- Internal audit and risk management processes;
- Organisational development including staff training and professional development; and
- Business services including human resource management, occupational health and safety, administration and financial services.

Since its establishment, ITSRR has been developing a range of performance indicators to reflect the outcomes of its corporate governance activities. These indicators are at an evolutionary stage, given the relative youth of ITSRR, and will continue to be developed and refined in the coming year. A sub-set of these indicators are set out below against the relevant achievements of the Program.
The **corporate priorities** for 2005-06 for this Program were to:

- Define, document and implement ITSRR's corporate management system
- Define and implement an effective framework to use and manage corporate knowledge
- Full implementation of ITSRR's corporate performance reporting framework
- Enhance ITSRR's capability to expand and utilise its regulatory intelligence to determine safety management priorities for ITSRR's attention.

The following achievements report against these priorities as well as additional governance-related activities.

### I. governance and management systems

ITSRR is managed by its Chief Executive. The position of Chief Executive is established as an independent statutory position which, while accountable to the NSW Minister for Transport for ITSRR's performance, is independent of Government in relation to its key safety functions.

The Chief Executive is supported by a senior management group, called the Executive Management Team (EMT). EMT membership constitutes all four Divisional Executives, and the Chief Executive. Profiles of EMT members are on pages 15-18.

The EMT meets monthly to review progress towards the achievement of ITSRR's goals, to assist the Chief Executive make strategic decisions and where necessary revise priorities. Regular corporate performance reports are provided by the members of the EMT.

The Chief Executive can, at her discretion, seek advice on rail safety matters from the ITSRR Advisory Board. Further information on the Board is on page 8.

ITSRR has established a number of internal committees to assist it in directing operations and providing advice.

The IM&T Steering Committee comprises a cross section of ITSRR senior staff. Its role is to take a direct and active role in managing IM&T governance at ITSRR. In 2005-06 it reviewed the 2004-06 Strategic Plan and developed a 2006-09 Plan. More information on ITSRR’s information management and technology activities is on page 65-67.

The Human Resources and Skills Development Committee comprises a cross section of staff to review changes to human resource management policies and procedures and to assist in analysing ITSRR training needs.

The Corporate Governance Committee, comprising Executive members on a purpose-specific basis, oversees compliance with statutory obligations. It also monitors the effectiveness of business procedures in supporting required regulatory outcomes. The Committee considers the results of the risk management processes and advises the Chief Executive on ITSRR’s internal audit program criteria and the results of that program.
Risk management in ITSRR

ITSRR considers robust risk management processes to be integral to the way it does its business, reflecting its values of integrity and professionalism. Similarly as it requires operators to adopt high quality risk management systems, we also aim to adopt the same high quality risk management in relation to our corporate performance in delivering our legal and strategic objectives.

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

- the corporate planning cycle: the advance identification and prioritisation of risks and opportunities that impact directly on ITSRR’s intended results. This includes analysis of internal and external stakeholder needs;
- the corporate reporting cycle: the identification of past successes and future challenges to assist future planning of activities;
- implementation of ITSRR’s risk management policy including the development of corporate and divisional risk and opportunity registers;
- review of any internal audit findings; and
- review of any external audit findings.

During 2005-06 the risk management process was fully integrated into ITSRR’s corporate planning cycle.

As a foundation for its risk management identification and assessment process, ITSRR reviewed and updated its corporate risk management policy, criteria and procedures. These are based on the better practice risk management guidelines as outlined in the Australian Standard AS/NZS 4360: Risk Management.

Risk and opportunity registers at the corporate and divisional level were prepared. These are reviewed regularly as part of the internal performance reporting process.

Significant issues that emerged as part of the risk identification process included:

- the need to reflect ongoing rail safety regulatory reforms in business processes;
- identifying and catering for the regulatory needs of specific stakeholders e.g. RailCorp vs tourist/heritage operators; and
- capacity of staff to fulfil ITSRR’s requirements.

Future issues to monitor included:

- outcomes of national reform process on both rail safety regulation and institutional arrangements; and
- the need to review risk identification and assessments as part of regular planning and reporting processes.

The means to address such opportunities and risks were translated into strategies in the Corporate and Divisional Plans, identifying the relevant accountabilities.

Reporting against these Plans will identify whether these risks and opportunities have been addressed. This will feed into business improvement processes that are then incorporated back into the relevant Plans.
2. accountability frameworks

Corporate planning and reporting

During the year ITSRR consolidated its planning and reporting processes, achieving its Corporate Plan 2004-05 priority to bed down a robust reporting structure. As part of this work ITSRR developed its first three year Corporate Plan 2006-09. The Plan includes annual priorities for 2006-07, which are reflected in each program’s “Future Directions” section throughout this report.

To underpin the Plan, ITSRR held workshops with its Executive Management Team and senior managers to assess its external environment, analyse its internal skills and resources and identify its stakeholder needs and expectations, including those of the Government, transport industry and community. Risk identification and assessment workshops were also held (as outlined in the previous section). These issues were taken into consideration when drafting the Plan’s corporate priorities.

During this process, ITSRR identified appropriate performance indicators and milestones to measure its results and services. The indicators are aligned with ITSRR’s results logic framework (see page 9). A sub-set of these indicators are reported in this Annual Report. Given that some indicators aim to reflect regulatory reforms currently underway, some data will only be able to be reported from 2006-07.

The Corporate Plan sets the direction for Divisional Plans 2006-07 which will inform individual performance development agreements.

Copies of the Plan are available from ITSRR’s website and in hard copy from its Sydney office.

During the year ITSRR reviewed its Corporate Plan on a six monthly and annual basis. Divisions reported to the Chief Executive on their implementation of divisional priorities on a quarterly basis. The reports identified those areas that were being effective and efficient and those that required further effort.

External corporate performance reports prepared during the year included the draft and final Results and Services Plans to Treasury as part of the Budget process and the Annual Report 2004-05. These reports were delivered according to the scheduled time-frames and met the required legislative criteria.
Comparative performance reviews

During 2005-06 ITSRR continued to facilitate an officer level working group attended by the Ministry of Transport and NSW Maritime to share information on corporate plans, performance reports and performance indicators. Given that all agencies use the same framework for reports to Treasury (Results and Services Plans) and the NSW Parliament (Annual Report), agencies have been able to compare the preparation and content for such reports. For more information on this work, see page 47.

Given the national legislative reform process that aims to improve consistency of regulatory services across the States, there is an opportunity in future years for rail safety regulators to benchmark their regulatory activities using consistent criteria. ITSRR plans to explore potential benchmarking activities further in 2006-07.

Internal audit

During 2005-06 the Executive Management Team (EMT) endorsed an Internal Audit Charter. The Charter was established under the authority of the Chief Executive and complies with certified auditing standards issued by the Australian Accounting Research Foundation on behalf of CPA Australia.

The EMT also endorsed the 2006 Internal Audit Plan and Program which were based on a risk-based approach.

The Chief Executive appointed an external contractor to prepare and conduct the internal audit for 2005-06. The internal audit process therefore provides an independent and objective opinion as to whether ITSRR’s risks are being managed to acceptable levels and will assist us achieve our corporate objectives in an efficient and effective manner.

Audits conducted in 2005-06 targeted the following areas within ITSRR:

- procedures and guidelines for the granting and variation of accreditations;
- legal services business processes;
- management of reliability data;
- occupational health and safety issues for ITSRR’s field staff; and
- policy and procedures governing travel and accommodation expenses.

The final recommendations from each audit have now been accepted by the Chief Executive and Divisional Directors. Actions to address any relevant issues arising from the audits are reflected in ITSRR’s Corporate and Divisional plans for 2006-07.

performance indicator

Stability rate

definition

This indicator reflects organisational renewal and employee turnover. The data measures how many permanent employees employed at July 2005 are still employed at end June 2006. A high stability rate indicates that employee turnover was limited to a relatively small percentage of positions.

result

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<thead>
<tr>
<th>Stability rate</th>
<th>Percentage</th>
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</tr>
</tbody>
</table>

04-05 05-06

Public sector benchmark 04-05 (most recent data available)

comment/analysis

The 2005-06 result was due to the bedding down of roles and the organisational structure as well as recruitment of permanent staff as opposed to temporary project staff.

The 2005-06 figure met ITSRR’s expectations.

forecast

ITSRR expects a similar result for 2006-07.
Complaints handling

Internally, complaints by staff can be directed to the Director of Corporate Services and Planning. These are dealt with in accordance with ITSRR policy.

External stakeholder complaints are directed to our senior regulatory staff and dealt with in an appropriate way in accordance to the nature of the complaint.

Formal requests by rail operators for reviews of a regulatory decision are managed by the Executive Director, Transport Regulation Strategy (i.e. independently from the Division making the original decision). Operators may also appeal ITSRR’s decisions through the Administrative Decisions Tribunal.

3. workforce capability

ITSRR defines “workforce capability” as the professional development and wellbeing of staff. It also includes effective management of corporate knowledge.

ITSRR has approximately 75 staff, with a high percentage of staff working directly with transport operators.

ITSRR recognises the valuable role staff play in delivering rail safety regulation and advice on transport reliability and sustainability and ensures their needs and capabilities are addressed through this program.

ITSRR liaises with its staff through:

- internal meetings and workshops;
- regular all-staff briefings hosted by the Chief Executive;
- newsletters and Chief Executive messages;
- an Intranet service;
- e-mail alerts; and
- voluntary lunch time talks by staff on specific issues.

Our staff require a broad skill base covering industry knowledge, risk analysis and a sound understanding of safety management systems. They also need to have skills and knowledge of safety regulation frameworks and the ability to communicate effectively.

ITSRR also aims to have a workplace culture that is based on its agreed values which are reflected in the attitudes and actions of all staff. ITSRR confirmed its suite of values as part of this year’s corporate planning process. For an outline of our values, see the inside front cover.

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

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

The following details specific initiatives undertaken during the year to build our workforce capacity taking into consideration their professional and personal wellbeing.
Succession strategies

During 2005-06 ITSRR reviewed its succession management framework. The review covered the strategic need to attract and retain appropriate staff as well as building the capacity of existing staff. Whilst the core of the required succession strategies are reflected in ITSRR’s human resource management policies and practices, key elements to attract and retain staff will be included in the development of knowledge management strategies (see below).

Learning and development

Developing operational expertise

ITSRR recognises the importance of professional training for its staff, particularly in a climate of ongoing rail safety reform, and has ensured since its inception that training is a key focus for the organisation.

During the year the core training requirements for field staff were reviewed by the EMT and refresher periods established to ensure that staff are fully cognisant of the risks and requirements of working in a railway environment. All staff met training requirements necessary for them to continue in positions which conduct field work.

Modules were also delivered through the professional development program covering Safety Management Systems and Human Factors (i.e. consideration of human response issues in relation to rail safety). A further module on rail auditing will be conducted in 2006-07 and this will complete the program. On completion of the program ITSRR participants will be awarded a Graduate Certificate in Transport Safety.

During 2005-06 ITSRR also provided assistance to the Victorian rail safety regulator to develop its compliance officer training.

Developing managerial expertise

A further learning and development focus for ITSRR during the year was its program to improve the capacity of the organisation’s managers. ITSRR managers require a high level of inter-personal skills as they need to deal with a wide range of internal and external stakeholders. The first stage of this program was to increase the level of interpersonal skill. Around 26 staff attended a course on “Influencing, Persuading and Resolving”. Feedback from the course indicated a high level of satisfaction with the training. Further programs will be delivered over the next 12 months covering leadership and governance requirements.

Knowledge management strategy

The first stage of a knowledge management project has now been actioned. This involved scoping and research on specific knowledge management requirements for ITSRR.

Significant work is now being undertaken to develop a strategy to address how the organisation collects, shares and retains vital knowledge. The Executive Management Team will review these recommendations and action strategies in 2006-07.
Staff diversity –
Equal Employment Opportunity

ITSRR values the diversity of its staff and advocates equality of employment opportunity (EEO). ITSRR continued to strengthen the development and implementation of EEO policies and strategies as part of our EEO Management Plan.

ITSRR’s EEO Management Plan aims to: improve access to information relating to its human resource policies and practices; create a diverse and skilled workforce; improve employment access and participation for EEO groups; and promote a workplace culture displaying fair practices and behaviour.

Key outcomes for 2005-06 were:

■ an assessment of ITSRR Committees to ensure EEO groups were fairly represented. Results indicated that all groups were fairly represented, in particular the level of representation of women in the decision making process.

■ the development of the Work Hours Policy. The policy reflects ITSRR’s commitment to flexible work practices that balance work and family life. The Policy was reviewed by the Human Resource and Skills Development Committee and circulated to staff for comment. Feedback was received and considered when finalising the policy.

EEO strategies to be progressed in 2006-07 include:

■ continuing to promote completion of EEO forms for new staff to keep statistical data up to date;

■ finalising and implementing the Work Hours Policy which supports the NSW Government’s flexible work practices policy and is consistent with the Crown Employees (Public Service Conditions of Employment) Award 2002;

■ monitoring higher duties opportunities to ensure they are offered equitably across the organisation;

■ continuing the monitoring of recruitment strategies to ensure they fulfil ITSRR and Government Advertising Guidelines equity standards; and

■ a review of ITSRR position descriptions to ensure EEO accountabilities and criteria are appropriately specified.
Ethnic Affairs Priority Statement

Being a relatively small and new organisation that does not deliver direct services to the public, ITSRR does not have extensive policies and procedures on multicultural issues. It is however cogniscent of the principles of multiculturalism and implements these through the following means:

- provision of interpreter services as part of its independently commissioned surveys of City Rail customers. During 2005-06 the research company commissioned by ITSRR to undertake this work provided language assistance to those participants who identified they required such assistance;
- ensuring its recruitment practices are merit-based and do not disadvantage any specific cultural group;
- ensuring that discrimination is not tolerated in any behaviour or practice in relation to ITSRR; and
- taking into consideration cultural needs of our staff and stakeholders in our communication activities.

Occupational Health and Safety

ITSRR values the health and safety of its staff and continues to ensure that staff occupational health and safety (OHS) requirements are identified and met. To ensure consistent and high quality requirements for health and safety are applied to all staff, the process required for effective OHS management were mapped and incorporated into ITSRR’s Corporate Management System. The process outlines the requirement to analyse OHS risks, specific workplace safety requirements and criteria for protective equipment and clothing.

ITSRR has an OHS Committee comprising staff and employer representatives who meet on a regular basis to discuss relevant OHS issues. The Committee provides a forum for staff to raise their OHS issues and have them dealt with appropriately.

During the year the Committee conducted on-site inspections and ensured all staff were trained in the relevant OHS requirements. The training stressed the obligations of employers and employees and the requirements for a safe work environment, including emergency evacuation requirements.
4. financial and asset management

Financial management

ITSRR provides monthly reports to its Executive Management Team which track and monitor its expenditure and assist the effective allocation of resources.

A summary of our financial results for the year is as follows.

ITSRR’s net cost of services for 2005-06 was $14.793m compared with the budgeted amount of $16.035m, 7% below budget. This included a protected legal budget. If the protected legal budget is excluded, ITSRR’s net cost of services was 3.5% under budget.

The under spending arose from the initial shortfall in the 2005-06 Budget allocation. While this budget shortfall was ultimately restored, the funding delay and uncertainty ensured that expenses were tightly controlled or deferred so that the organisation remained within budget. ITSRR also collected $2.789m in fees from accredited rail operators, which forms part of Crown consolidated revenue.

For a more detailed account of ITSRR’s financial performance, see the audited financial statements at Part 1.3 of this report.

Information technology management

During the year ITSRR completed and reviewed our 2004-06 Information Management and Technology (IM&T) Strategic Plan.

The 2004-2006 Plan’s objectives were to improve the quality of information, increase the range of available information and increase the usability of information. The underlying assumption was that ITSRR would be critically dependent on external information sources to fulfil its regulatory and advisory roles. This Plan was ITSRR’s first IM&T Plan given that it began operation in January 2004.

The Plan identified four major projects as aligned to its business needs on its key regulatory activities, technical infrastructure and governance needs:

■ development of an information management framework (with a focus on governance)
the acquisition of an electronic document management system;
the development of a corporate database; and
the development of a “remote working” capability to enable access to corporate databases from the field.

During the year, all projects were substantively completed, meeting defined agency business requirements. The projects were delivered on time and within approved budget, although some projects were not able to be fully developed or utilised to their full potential. However they have enabled ITSRR to progressively improve the range, quality, accessibility and utility of information.

In May-June 2006 ITSRR began to prepare its IM&T Plan for 2006-09, which will be finalised in early 2006-07. The Plan aligns with the corporate results and priorities outlined in ITSRR’s Corporate Plan 2006-09. It also addresses the findings of the previous IM&T Plan’s post-implementation review.

A particular focus of our information system development during the year was ongoing work to develop the Corporate Management, PRISM and Objective systems.

Corporate Management System
ITSRR continues to define its business processes through the development of its Corporate Management System (CMS). With the aim of continuous improvement, ITSRR documents and communicates these processes to enhance capability and improve service delivery by undertaking regulatory tasks in a consistent way, maximising the use of knowledge and data available.

CMS activities progressed during the year included:
finalising the design and format for delivery of the system;
defining business processes through a series of workshops with management and staff;
facilitating access for staff through inclusion of the CMS on the intranet; and
progressing documentation of procedures and business processes.

While the CMS is the central repository of business information, ITSRR’s Corporate Management Framework relies on the utilisation of a purpose built database called PRISM and an electronic document management system called Objective to be fully effective. Activities relating to these two systems are outlined below.
Performance Reliability Investigations Safety Management data base (PRISM)

Significant resources and commitment were required to complete the first version of the PRISM system. PRISM is ITSRR’s primary information management system to support its regulatory activities and a key tool to enhance effectiveness in implementing rail safety requirements.

The system includes modules that:

- record details of incidents that can be sorted by operator and/or location;
- track progress of actions that ITSRR has recommended rail operators to undertake;
- document recommendations from external accident investigation organisations such as the Office of Transport Safety Investigations (OTSI);
- provide a pre-audit package of information that allows Authorised Officers to assess particular risks that should be assessed during audits (see case study above).

A post-implementation review of PRISM was conducted in August 2005. It identified that consolidation of existing projects was required rather than further development. A major outcome of the review was instituting a governance system that ensured ITSRR’s business needs defined its IT requirements. As a result of the review, focus was placed on the following targeted projects: data remediation; development of a suite of reports; providing a more user-friendly interface; and increasing the interface between systems (PRISM/Objective).

case study

staff equipped with pre-audit pack

During 2005-06 ITSRR redefined its IM&T project governance structure to ensure that future development would be driven by its business needs. An assessment of those needs by Executive members and staff representatives identified the potential for regulatory staff to be more fully equipped with knowledge held within the organisation to conduct their regulatory activities.

This led to the creation of the “pre-audit pack” as a report generated from the PRISM system. The purpose of this pack is to bring all reports relevant to the preparation of an audit into a single location. In doing so it provides a complete history of ITSRR’s involvement with an operator and enables the audit to be scoped on the basis of risk assessment.

Don Casey, Senior Rail Safety Compliance Officer, is better equipped to plan audit activities with the new “pre-audit pack”.

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Objective

The Objective system, ITSRR’s electronic records management system, was successfully implemented during 2005-06, including its roll-out and user testing. Staff were provided with training and ongoing support to ensure adoption of the system as the primary document storage and retrieval system.

The Objective system now plays an important part in maximising ITSRR’s efficiency, providing new levels of speed and certainty in locating, sharing and accessing information.

A post-implementation review was conducted for Objective in March 2006. It included detailed feedback from staff on how Objective could further support their work efforts. The review has formed the basis for a project to enhance the quality and effectiveness of the system.

Asset management

Physical asset management

In August 2005 ITSRR provided its Asset Management Plan to Treasury outlining its progress, current status and forward plans on asset management. ITSRR’s physical assets primarily comprise office equipment.

ITSRR’s main asset management activity during the year was ensuring procurement/acquisition of new computers and the return of existing leased computers in line with Government policy. One benefit of this approach is that ITSRR may dispose, allocate, donate or sell any of its expired/ouitdated bought assets to other government agencies or government-run establishments, for example state-run schools, which can continue to use and benefit from the asset.

ITSRR has no land assets to manage given that it is based in Sydney’s CBD and leases two floors that accommodate all ITSRR staff.

During the year ITSRR helped prepare for a change in floor structure given that OTSI staff were to be relocated to another floor in the same building. This required some minor building works adjustments.

Purchasing activities

Purchasing activities for 2005-06 comprised primarily of the acquisition of new computers for the 2006-07 rollout.

ITSRR also procured additional personnel protective equipment for its Authorised Officers and field equipment kits made available in all fleet vehicles.

In the forthcoming year, ITSRR will use the electronic procurement system implemented by the Department of Commerce (Smartbuy) for the procurement of all Government-approved items.
5. Environmental Management

Waste Management

During the year ITSRR continued to focus on its Waste Reduction and Purchasing strategies. As a result, both environmental and cost savings have been realised. Our results during 2005-06 included:

- halving overall costs of paper following a review of recycle paper options and by implementing waste reduction strategies which reduced demand for paper e.g. increased use of virtual files, storage of emails online etc;
- reducing waste sent to landfill by sending empty printer cartridges back to the wholesaler/manufacturer for reuse;
- reducing our use of virgin natural resources for building works by reusing materials left over from other building works in ITSRR’s fit out; and
- improving the separation of waste in ITSRR kitchens to facilitate increased recycling of plastic.

During 2006-07 ITSRR plans to build on its waste reduction strategies and further reduce its office waste. Specific strategies include:

- electronic receipt of incoming faxes incorporated into ITSRR’s electronic document management system;
- purchase of a multi-function printing machine to increase the amount of printers able to print double-sided; and
- increased communication with staff to further reduce office waste.

Energy Management

ITSRR’s performance goals for its energy management are to reduce our vehicle and building emissions where possible. Our activities to address this include:

- reviewing our fleet emissions on an ongoing basis;
- reviewing options for more fuel efficient vehicles; and
- ongoing liaison with building managers to review any further improvements to electricity use.

Building Energy Use

In March 2006 ITSRR received its 5 Star certification for excellent energy ratings in recognition of its active approach to its building energy emissions. Since receiving this rating, ITSRR has identified further areas to save power.

Fleet Emissions

ITSRR has a small fleet of three pool vehicles which are used primarily for conducting safety audits of rail operators and rail networks across NSW as required.

During 2005-06 ITSRR developed its fleet emission reduction plan in line with established Government policy by reviewing its current fleet for fuel efficiency and diversity.

ITSRR will reduce its fleet emissions when it replaces all three pool vehicles during 2006-07 with more energy efficient vehicles.
future directions

The future directions for ITSRR’s corporate program “Corporate Governance” reflect its 2006-07 priorities in the Corporate Plan 2006-09.

The Plan was developed using internal corporate knowledge, including stakeholder analysis, and a risk assessment of ITSRR’s internal and external opportunities and risks.

ITSRR’s future directions for this program are as follows:

■ Full utility of ITSRR’s Corporate Management System and supporting information databases in daily work practices;
■ Develop strategies to support performance improvement, including management training and team building;
■ Undertake compliance training on the new national requirements for ITSRR’s authorised officers; and
■ Improve internal audit and risk management capabilities across the organisation.
1.3 ITSRR’s financial report
For the Year Ended 30 June 2006

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

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

- Applicable Australian Accounting Standards (which include Australian Equivalents to International Financial Reporting Standards (AEIFRS))
- The requirements of the Public Finance and Audit Act and Regulations; and

(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 2006
INDEPENDENT AUDIT REPORT
INDEPENDENT TRANSPORT SAFETY AND RELIABILITY REGULATOR

To Members of the New South Wales Parliament

Audit Opinion

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

- presents fairly the Regulator’s financial position as at 30 June 2006 and its performance for the year ended on that date, in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia, and
- complies with section 41B of the Public Finance and Audit Act 1983 (the Act) and the Public Finance and Audit Regulation 2005.

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

Scope

The Financial Report and Chief Executive Officer’s Responsibility

The financial report comprises the operating statement, statement of changes in equity, balance sheet, cash flow statement, program statement - expenses and revenues, summary of compliance with financial directives and accompanying notes to the financial statements for the Regulator, for the year ended 30 June 2006.

The Chief Executive Officer is responsible for the preparation and true and fair presentation of the financial report in accordance with the Act. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

I conducted an independent audit in order to express an opinion on the financial report. My audit provides reasonable assurance to Members of the New South Wales Parliament that the financial report is free of material misstatement.

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

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

My opinion does not provide assurance:

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

Audit Independence

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

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

P Carr, FCPA
Director, Financial Audit Services
SYDNEY
24 October 2006
Operating Statement For the Year Ended 30 June 2006

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<tr>
<th>Notes</th>
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The accompanying notes form part of these statements.

Statement of Change in Equity For the Year Ended 30 June 2006

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The accompanying notes form part of these statements.
Balance Sheet as at 30 June 2006

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<td>Property, plant and equipment</td>
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<td>Payables</td>
<td>11</td>
<td>3,548</td>
<td>1,110</td>
<td>2,228</td>
</tr>
<tr>
<td>Provisions</td>
<td>12</td>
<td>-</td>
<td>1,318</td>
<td>1,320</td>
</tr>
<tr>
<td>Liability to Consolidated Fund</td>
<td>4</td>
<td>481</td>
<td>35</td>
<td>481</td>
</tr>
<tr>
<td>Total Current Liabilities</td>
<td></td>
<td>4,029</td>
<td>2,463</td>
<td>4,029</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td></td>
<td>4,029</td>
<td>2,463</td>
<td>4,029</td>
</tr>
<tr>
<td>Net Assets</td>
<td></td>
<td>1,357</td>
<td>1,683</td>
<td>1,357</td>
</tr>
<tr>
<td>Equity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated funds</td>
<td>13</td>
<td>1,357</td>
<td>1,683</td>
<td>1,357</td>
</tr>
<tr>
<td>Total Equity</td>
<td></td>
<td>1,357</td>
<td>1,683</td>
<td>1,357</td>
</tr>
</tbody>
</table>

The accompanying notes form part of these statements.
## Cash Flow Statement For the Year Ended 30 June 2006

<table>
<thead>
<tr>
<th>Notes</th>
<th>Parent</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Actual</td>
</tr>
<tr>
<td></td>
<td>2006</td>
<td>2005</td>
</tr>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cash Flows From Operating Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Payments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee related</td>
<td>(9,131)</td>
<td>(9,353)</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>(5,044)</td>
<td>(6,493)</td>
</tr>
<tr>
<td><strong>Total Payments</strong></td>
<td>(14,175)</td>
<td>(15,846)</td>
</tr>
<tr>
<td><strong>Receipts</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous receipts</td>
<td>268</td>
<td>66</td>
</tr>
<tr>
<td>Interest received</td>
<td>108</td>
<td>76</td>
</tr>
<tr>
<td>Goods &amp; Services Tax received</td>
<td>535</td>
<td>803</td>
</tr>
<tr>
<td><strong>Total Receipts</strong></td>
<td>911</td>
<td>945</td>
</tr>
<tr>
<td><strong>Cash Flows from Government</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recurrent appropriation</td>
<td>14,112</td>
<td>14,661</td>
</tr>
<tr>
<td>Capital appropriation</td>
<td>600</td>
<td>545</td>
</tr>
<tr>
<td>Cash reimbursements from the Crown Entity</td>
<td>-</td>
<td>441</td>
</tr>
<tr>
<td><strong>Net Cash Flows from Government</strong></td>
<td>14,712</td>
<td>15,647</td>
</tr>
<tr>
<td><strong>Net Cash Flows from Operating Activities</strong></td>
<td>18</td>
<td>1,448</td>
</tr>
<tr>
<td><strong>Cash Flows from Investing Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of property, plant and equipment</td>
<td>(472)</td>
<td>(508)</td>
</tr>
<tr>
<td><strong>Net Cash Flows from Investing Activities</strong></td>
<td>(472)</td>
<td>(508)</td>
</tr>
<tr>
<td><strong>Net Increase in Cash</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening cash and cash equivalents</td>
<td>2,385</td>
<td>2,147</td>
</tr>
<tr>
<td>Cash transfer through administrative restructure</td>
<td>14</td>
<td>(80)</td>
</tr>
<tr>
<td><strong>Closing Cash and Cash Equivalents</strong></td>
<td>7</td>
<td>3,281</td>
</tr>
</tbody>
</table>

The accompanying notes form part of these statements.
Statement of Compliance with Financial Directives For the Year Ended 30 June 2006

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Recurrent Expenditure $’000</td>
<td>Capital Expenditure $’000</td>
</tr>
<tr>
<td></td>
<td>Net claim on Cons Fund $’000</td>
<td>Net claim on Cons Fund $’000</td>
</tr>
<tr>
<td>Original budget Appropriation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appropriations Act</td>
<td>16,141</td>
<td>14,800</td>
</tr>
<tr>
<td>Additional appropriations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$ 21 PF&amp; AA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- special appropriations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$ 24 PF&amp; AA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- transfer of functions between agencies</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>16,141</td>
<td>14,800</td>
</tr>
<tr>
<td></td>
<td>600</td>
<td>600</td>
</tr>
<tr>
<td></td>
<td>15,673</td>
<td>14,523</td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other appropriations/expenditure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Treasurer’s advance</td>
<td>990</td>
<td>990</td>
</tr>
<tr>
<td>Enforced transfer</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- recurrent to capital</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfer to/from another agency</td>
<td>(2,124)</td>
<td>(2,124)</td>
</tr>
<tr>
<td>($24 of the Appropriation Act)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(1,134)</td>
<td>(1,134)</td>
</tr>
<tr>
<td>Total Appropriation/Expenditure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Claim on Consolidated Fund</td>
<td>15,007</td>
<td>13,666</td>
</tr>
<tr>
<td>Drawdown from Treasury</td>
<td>14,147</td>
<td>600</td>
</tr>
<tr>
<td>Liability to Consolidated Fund</td>
<td>481</td>
<td>35</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.
### Program Statement – Expenses and Revenue

For the Year Ended 30 June 2006

<table>
<thead>
<tr>
<th></th>
<th>Program 63.1.1</th>
<th>Program 63.1.2</th>
<th>Program 63.1.3</th>
<th>Not attributable</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006 $'000</td>
<td>2005 $'000</td>
<td>2006 $'000</td>
<td>2005 $'000</td>
<td>2006 $'000</td>
<td>2005 $'000</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee related</td>
<td>(8,699)</td>
<td>(8,741)</td>
<td>-</td>
<td>(1,266)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>(4,256)</td>
<td>(4,857)</td>
<td>-</td>
<td>(186)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>(317)</td>
<td>(249)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Expenses</td>
<td>(13,272)</td>
<td>(13,847)</td>
<td>-</td>
<td>(1,452)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sale of services</td>
<td>44</td>
<td>46</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Investment income</td>
<td>118</td>
<td>80</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total revenue</td>
<td>162</td>
<td>126</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Cost of Services</td>
<td>(13,110)</td>
<td>(13,721)</td>
<td>-</td>
<td>(1,452)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government Contributions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Revenue</td>
<td>(13,110)</td>
<td>(13,721)</td>
<td>-</td>
<td>(1,452)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administered Revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rail operators’ accreditation fees</td>
<td>2,789</td>
<td>3,591</td>
<td>2,789</td>
<td>3,591</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The names and purpose of each program are summarised in Note 6. Appropriations are made on an agency basis and not to individual programs. Program 63.1.2 was transferred to the Office of Transport Safety Investigations on 1 July 2005.
For the year ended 30 June 2006

I. summary of significant accounting policies

(a) Reporting Entity

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

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

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

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

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

These financial statements have been authorised for issue by the Chief Executive Officer on 20 October 2006.

(b) Basis of Preparation

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

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

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

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

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.
(c) Statement of Compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Equivalents to International Financial Reporting Standards (AEIFRS). This is the first financial report prepared based on AEIFRS and comparatives for the year ended 30 June 2005 have been restated accordingly, except as stated below.

In accordance with AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards and Treasury Mandates, the date of transition to AASB 132 Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement has been deferred to 1 July 2005. As a result, comparative information for these two Standards is presented under the previous Australian Accounting Standards which applied to the year ended 30 June 2005.

Reconciliations of AEIFRS equity and surplus or deficit for 30 June 2005 to the balances reported in the 30 June 2005 financial report are detailed in Note 24.

(d) Administered Activities

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

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

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

(e) Income Recognition

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

(i) Parliamentary Appropriations and Contributions from Other Bodies:

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

An exception to the above is when appropriations are unspent at year-end. In this case the authority to spend the money lapses and generally the unspent amount must be repaid to the Consolidated Fund in the following financial year. As a result, unspent appropriations are accounted for as liabilities rather than revenue. The liability is disclosed in Note 4 and is reported in the Balance Sheet as part of “Current Liabilities – Liability to Consolidated Fund”. The amount will be repaid and the liability will be extinguished next financial year.

(ii) Rendering of services:

Revenue is recognised when the service is provided.

(iii) Investment Revenue:

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

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

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

Long-term annual leave that is not expected to be taken within 12 months is measured at present value in accordance with AASB 119 Employee Benefits. Market yields on government bonds are used to discount long-term annual leave.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

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

(ii) Long Service Leave and Superannuation:

The agency’s liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The agency accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as “Acceptance by the Crown Entity of Employee benefits and other Liabilities”. Prior to 2005-06 the Crown Entity also assumed the defined contribution superannuation liability.

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 06/09) to employees with 5 or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

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

(iii) Other Provisions

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

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

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

(g) Insurance

The agency’s insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government agencies. The expense (premium) is determined by the Fund Manager based on past experience.
(h) Accounting for Goods and Services Tax (GST)

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

(i) Acquisitions of Assets

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

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

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

Leasehold improvements comprise office improvements. Plant and equipment comprise office furniture, equipment and computers. In accordance with Treasury Circular No 04/06 the agency is not renewing expired leases for computers. Instead the agency is purchasing information and communication technology equipment using capital allocations. Intangible assets comprise computer systems.

Property, plant and equipment and intangible assets costing $500 and above individually (or forming part of a network costing more than $500) are capitalised.

(j) Revaluation of Property, Plant and Equipment

Physical non-current assets are valued in accordance with the “Valuation of Physical Non-Current Assets at Fair Value” Policy and Guidelines Paper (TPP 05-3). This policy adopts fair value in accordance with AASB 116 Property, Plant and Equipment and AASB 140 Investment Property.

Property, plant and equipment is measured on an existing use basis, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost.

The agency revalues each class of property, plant and equipment at least every five years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation are separately restated.

For other assets, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.
Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the surplus / deficit, the increment is recognised immediately as revenue in the surplus / deficit.

Revaluation decrements are recognised immediately as expenses in the surplus / deficit, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation reserve in respect of that asset is transferred to accumulated funds.

(k) Impairment of Property, Plant and Equipment

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.

(l) 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 and computers (20%), and computer systems (intangible assets) (20%).

(m) 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.

(n) Leased Assets

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

(o) Intangible Assets

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

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

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 (refer para (k)).
Receivables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. An allowance for impairment of receivables is established when there is objective evidence that the agency will not be able to collect all amounts due. The amount of the allowance is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Bad debts are written off as incurred.

Other assets are recognised on a cost basis.

The transfer of net assets between agencies as a result of an administrative restructure, transfers of program/functions and parts thereof between NSW public sector agencies is designated as a contribution by owners and recognized as an adjustment to “Accumulated Funds”. This treatment is consistent with Urgent Issues Group Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities.

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

The budgeted amounts are drawn from the budgets as formulated at the beginning of the financial year and with any adjustments for the effects of additional appropriations, s21A, s24 and/or s26 of the Public Finance and Audit Act 1983. The budgeted amounts in the Operating Statement and the Cash Flow Statement are generally based on the amounts disclosed in the NSW Budget Papers (as adjusted above). However, in the Balance Sheet, the amounts vary from the Budget Papers, as the opening balances of the budgeted amounts are based on carried forward actual amounts i.e. per the audited financial statements (rather than carried forward estimates).

Comparative figures have been restated based on AEFRS with the exception of financial instruments information, which has been prepared under the previous AGAAP Standard (AAS 33) as permitted by AASB 1.36A. The transition to AEFRS for financial instruments information was 1 July 2005. The impact of adopting AASB 132 / 139 is further discussed in Note 24.
## 2. expenses

### (a) Employee related expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>Parent 2006 $’000</th>
<th>Consolidated 2006 $’000</th>
<th>Consolidated 2005 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries (including recreation leave)</td>
<td>5,980</td>
<td>8,144</td>
<td>8,618</td>
</tr>
<tr>
<td>Superannuation – defined benefits plan</td>
<td>209</td>
<td>277</td>
<td>227</td>
</tr>
<tr>
<td>Superannuation – defined contribution plan</td>
<td>352</td>
<td>490</td>
<td>441</td>
</tr>
<tr>
<td>Long service leave</td>
<td>177</td>
<td>417</td>
<td>1,123</td>
</tr>
<tr>
<td>Workers’ compensation insurance</td>
<td>37</td>
<td>55</td>
<td>35</td>
</tr>
<tr>
<td>Payroll tax and fringe benefit tax</td>
<td>415</td>
<td>595</td>
<td>652</td>
</tr>
<tr>
<td>Redundancies</td>
<td>-</td>
<td>-</td>
<td>74</td>
</tr>
<tr>
<td>Personnel services (Note 1(a))</td>
<td>2,808</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9,978</strong></td>
<td><strong>9,978</strong></td>
<td><strong>11,170</strong></td>
</tr>
</tbody>
</table>

### (b) Other operating expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>Parent 2006 $’000</th>
<th>Consolidated 2006 $’000</th>
<th>Consolidated 2005 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accommodation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating lease rental expense – minimum lease payments</td>
<td>609</td>
<td>609</td>
<td>609</td>
</tr>
<tr>
<td>Other property costs</td>
<td>49</td>
<td>49</td>
<td>48</td>
</tr>
<tr>
<td>External services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contractors</td>
<td>2,412</td>
<td>2,835</td>
<td>2,835</td>
</tr>
<tr>
<td>Legal Services</td>
<td>314</td>
<td>401</td>
<td>401</td>
</tr>
<tr>
<td>Audit fees – financial statements</td>
<td>13</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>Information technology</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Computer leasing</td>
<td>48</td>
<td>81</td>
<td>81</td>
</tr>
<tr>
<td>Computer licences</td>
<td>109</td>
<td>182</td>
<td>182</td>
</tr>
<tr>
<td>Communication lines</td>
<td>7</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Other computer costs</td>
<td>15</td>
<td>26</td>
<td>26</td>
</tr>
<tr>
<td>Motor vehicle running expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating minimum lease rentals</td>
<td>34</td>
<td>39</td>
<td>39</td>
</tr>
<tr>
<td>Other motor vehicle expenses</td>
<td>121</td>
<td>125</td>
<td>125</td>
</tr>
<tr>
<td>Advertising and promotion</td>
<td>2</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>Staff recruitment and training costs</td>
<td>316</td>
<td>238</td>
<td>238</td>
</tr>
<tr>
<td>Administration</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Printing and stationery</td>
<td>135</td>
<td>121</td>
<td>121</td>
</tr>
<tr>
<td>Telephones</td>
<td>88</td>
<td>43</td>
<td>43</td>
</tr>
<tr>
<td>Postage and courier</td>
<td>12</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>Travel</td>
<td>201</td>
<td>240</td>
<td>240</td>
</tr>
<tr>
<td>Insurance</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Others</td>
<td>171</td>
<td>165</td>
<td>165</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,660</strong></td>
<td><strong>5,209</strong></td>
<td></td>
</tr>
</tbody>
</table>

Accommodation and motor vehicle running expenses include maintenance expenses of $18K. The agency does not have maintenance related employee expenses.
Depreciation & Amortisation Expenses

(c) Depreciation (Note 9)

<table>
<thead>
<tr>
<th></th>
<th>Parent 2006</th>
<th>Consolidated 2006</th>
<th>Consolidated 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasehold Improvements</td>
<td>205 $'000</td>
<td>205 $'000</td>
<td>203 $'000</td>
</tr>
<tr>
<td>Plant and equipment</td>
<td>53 $'000</td>
<td>53 $'000</td>
<td>46 $'000</td>
</tr>
<tr>
<td></td>
<td>258 $'000</td>
<td>258 $'000</td>
<td>249 $'000</td>
</tr>
</tbody>
</table>

Amortisation (Note 10)

<table>
<thead>
<tr>
<th></th>
<th>Parent 2006</th>
<th>Consolidated 2006</th>
<th>Consolidated 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer systems</td>
<td>59 $'000</td>
<td>59 $'000</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>317 $'000</td>
<td>317 $'000</td>
<td>249 $'000</td>
</tr>
</tbody>
</table>

3. Revenues

(a) Sale of Services

<table>
<thead>
<tr>
<th></th>
<th>Parent 2006</th>
<th>Consolidated 2006</th>
<th>Consolidated 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rendering of services</td>
<td>44 $'000</td>
<td>44 $'000</td>
<td>46 $'000</td>
</tr>
<tr>
<td></td>
<td>44 $'000</td>
<td>44 $'000</td>
<td>46 $'000</td>
</tr>
</tbody>
</table>

(b) Investment revenue

<table>
<thead>
<tr>
<th></th>
<th>Parent 2006</th>
<th>Consolidated 2006</th>
<th>Consolidated 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on bank balance</td>
<td>118 $'000</td>
<td>118 $'000</td>
<td>80 $'000</td>
</tr>
<tr>
<td></td>
<td>118 $'000</td>
<td>118 $'000</td>
<td>80 $'000</td>
</tr>
</tbody>
</table>

(c) Other

Other ($185K) comprises employee benefits and other liabilities assumed by the Crown from 17 March 2006 to 30 June 2006.
4. appropriations

<table>
<thead>
<tr>
<th></th>
<th>Parent 2006 $'000</th>
<th>Consolidated 2006 $'000</th>
<th>Consolidated 2005 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Recurrent appropriations</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total recurrent drawdowns from NSW Treasury (per Summary of Compliance)</td>
<td>14,147</td>
<td>14,147</td>
<td>14,661</td>
</tr>
<tr>
<td>Less: Liability to Consolidated Fund (per Summary of Compliance)</td>
<td>(481)</td>
<td>(481)</td>
<td>(35)</td>
</tr>
<tr>
<td>Recurrent appropriations (per Operating Statement)</td>
<td>13,666</td>
<td>13,666</td>
<td>14,626</td>
</tr>
<tr>
<td><strong>Capital appropriations</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total capital drawdowns from NSW Treasury (per Summary of Compliance)</td>
<td>600</td>
<td>600</td>
<td>545</td>
</tr>
<tr>
<td>Less: Liability to Consolidated Fund (per Summary of Compliance)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Capital appropriations (per Operating Statement)</td>
<td>600</td>
<td>600</td>
<td>545</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></th>
<th>Parent 2006 $'000</th>
<th>Consolidated 2006 $'000</th>
<th>Consolidated 2005 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Superannuation</td>
<td>208</td>
<td>278</td>
<td>668</td>
</tr>
<tr>
<td>Long service leave</td>
<td>312</td>
<td>416</td>
<td>1,123</td>
</tr>
<tr>
<td>Payroll tax on superannuation</td>
<td>35</td>
<td>46</td>
<td>40</td>
</tr>
<tr>
<td>(Note 19)</td>
<td>555</td>
<td>740</td>
<td>1,831</td>
</tr>
</tbody>
</table>
6. program information

On 1 July 2005 the agency transferred responsibility for the administration of the Investigation Program (Program 63.1.2 page 7) to the Chief Investigator of the Office of Transport Safety Investigations (Note 14). For 2005-06 the agency had 2 programs namely:

**Program 63.1.1 — Effective Regulation**

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

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

**Program 63.1.3 — Service Reliability**

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

**Program Description:** Advise the Minister, Government and the community on the extent to which publicly funded transport services are meeting the standards set by Government under their contracts with service providers. Advise the Minister of performance against national and international standards.

7. cash and cash equivalents

<table>
<thead>
<tr>
<th></th>
<th>Parent 2006 $'000</th>
<th>Consolidated 2006 $'000</th>
<th>Consolidated 2005 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at bank and on hand</td>
<td>3,281</td>
<td>3,281</td>
<td>2,385</td>
</tr>
<tr>
<td></td>
<td>3,281</td>
<td>3,281</td>
<td>2,385</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Parent 2006 $'000</th>
<th>Consolidated 2006 $'000</th>
<th>Consolidated 2005 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents (per Balance Sheet)</td>
<td>3,281</td>
<td>3,281</td>
<td>2,385</td>
</tr>
<tr>
<td>Closing cash and cash equivalents (per Cash Flow Statement)</td>
<td>3,281</td>
<td>3,281</td>
<td>2,385</td>
</tr>
</tbody>
</table>
8. receivables

<table>
<thead>
<tr>
<th></th>
<th>Parent 2006 $'000</th>
<th>Consolidated 2006 $'000</th>
<th>Consolidated 2005 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debtors</td>
<td>25</td>
<td>25</td>
<td>134</td>
</tr>
<tr>
<td>Goods and Services Tax – recoverable</td>
<td>133</td>
<td>133</td>
<td>68</td>
</tr>
<tr>
<td>Others</td>
<td>51</td>
<td>51</td>
<td>54</td>
</tr>
<tr>
<td>Goods and Services Tax on accruals</td>
<td>133</td>
<td>133</td>
<td>101</td>
</tr>
<tr>
<td></td>
<td>342</td>
<td>342</td>
<td>357</td>
</tr>
<tr>
<td>Less: allowance for Impairment</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>342</td>
<td>342</td>
<td>357</td>
</tr>
<tr>
<td>Prepayments</td>
<td>18</td>
<td>18</td>
<td>108</td>
</tr>
<tr>
<td></td>
<td>360</td>
<td>360</td>
<td>465</td>
</tr>
</tbody>
</table>

9. property, plant and equipment

<table>
<thead>
<tr>
<th></th>
<th>Parent 2006 $'000</th>
<th>Consolidated 2006 $'000</th>
<th>Consolidated 2005 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasehold Improvements</td>
<td>1,157</td>
<td>1,157</td>
<td>1,024</td>
</tr>
<tr>
<td>Less: Accumulated depreciation</td>
<td>509</td>
<td>509</td>
<td>304</td>
</tr>
<tr>
<td>Net carrying amount at fair value</td>
<td>648</td>
<td>648</td>
<td>720</td>
</tr>
<tr>
<td>Plant and equipment</td>
<td>450</td>
<td>450</td>
<td>673</td>
</tr>
<tr>
<td>Less: Re-classified as Intangible Assets</td>
<td>-</td>
<td>-</td>
<td>390</td>
</tr>
<tr>
<td>Less: Accumulated depreciation</td>
<td>145</td>
<td>145</td>
<td>97</td>
</tr>
<tr>
<td>Net carrying amount at fair value</td>
<td>305</td>
<td>305</td>
<td>186</td>
</tr>
</tbody>
</table>

Total property, plant and equipment

<table>
<thead>
<tr>
<th></th>
<th>Parent 2006 $'000</th>
<th>Consolidated 2006 $'000</th>
<th>Consolidated 2005 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>At gross carrying amount</td>
<td>1,607</td>
<td>1,607</td>
<td>1,697</td>
</tr>
<tr>
<td>Less: Re-classified as Intangible Assets</td>
<td>-</td>
<td>-</td>
<td>390</td>
</tr>
<tr>
<td>Less: Accumulated depreciation</td>
<td>654</td>
<td>654</td>
<td>401</td>
</tr>
<tr>
<td>Net carrying amount at fair value</td>
<td>953</td>
<td>953</td>
<td>906</td>
</tr>
</tbody>
</table>
Reconciliation of the carrying amounts by asset class at the beginning and end of the current reporting period are set out below:

<table>
<thead>
<tr>
<th></th>
<th>Leasehold Improvements $’000</th>
<th>Plant &amp; Equipment $’000</th>
<th>Total $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrying amount at 1 July 2005</td>
<td>720</td>
<td>576</td>
<td>1,296</td>
</tr>
<tr>
<td>Re-classified as Intangible Assets</td>
<td>-</td>
<td>(390)</td>
<td>(390)</td>
</tr>
<tr>
<td>Additions</td>
<td>661</td>
<td>183</td>
<td>844</td>
</tr>
<tr>
<td>Administrative Restructure (Note 14)</td>
<td>(528)</td>
<td>(11)</td>
<td>(539)</td>
</tr>
<tr>
<td>Depreciation expense (Note 2 (c))</td>
<td>(205)</td>
<td>(53)</td>
<td>(258)</td>
</tr>
<tr>
<td>Carrying amount at 30 June 2006</td>
<td>648</td>
<td>305</td>
<td>953</td>
</tr>
</tbody>
</table>

10. intangible assets

<table>
<thead>
<tr>
<th></th>
<th>Parent 2006 $’000</th>
<th>Consolidated 2006 $’000</th>
<th>Consolidated 2005 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer systems</td>
<td>851</td>
<td>851</td>
<td>-</td>
</tr>
<tr>
<td>Re-classified from plant and equipment</td>
<td>-</td>
<td>-</td>
<td>390</td>
</tr>
<tr>
<td>Accumulated amortisation</td>
<td>59</td>
<td>59</td>
<td>-</td>
</tr>
<tr>
<td>Net carrying amount at fair value</td>
<td>792</td>
<td>792</td>
<td>390</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>Parent 2006 $’000</th>
<th>Consolidated 2006 $’000</th>
<th>Consolidated 2005 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrying amount at 1 July 2005</td>
<td>390</td>
<td>390</td>
<td>-</td>
</tr>
<tr>
<td>Re-classified from Plant and Equipment</td>
<td>-</td>
<td>-</td>
<td>390</td>
</tr>
<tr>
<td>Additions</td>
<td>461</td>
<td>461</td>
<td>-</td>
</tr>
<tr>
<td>Amortisation expense (Note 2 (c))</td>
<td>59</td>
<td>59</td>
<td>-</td>
</tr>
<tr>
<td>Carrying amount at 30 June 2006</td>
<td>792</td>
<td>792</td>
<td>390</td>
</tr>
</tbody>
</table>

11. payables

<table>
<thead>
<tr>
<th></th>
<th>Parent 2006 $’000</th>
<th>Consolidated 2006 $’000</th>
<th>Consolidated 2005 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creditors</td>
<td>2,083</td>
<td>714</td>
<td>5</td>
</tr>
<tr>
<td>Accruals</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and on-costs</td>
<td>-</td>
<td>49</td>
<td>23</td>
</tr>
<tr>
<td>Others</td>
<td>1,465</td>
<td>1,465</td>
<td>1,082</td>
</tr>
<tr>
<td></td>
<td>3,548</td>
<td>2,228</td>
<td>1,110</td>
</tr>
</tbody>
</table>
12. provisions

Current liabilities

<table>
<thead>
<tr>
<th></th>
<th>Parent 2006</th>
<th>Consolidated 2006</th>
<th>Consolidated 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recreation leave</td>
<td>-</td>
<td>1,043</td>
<td>1,067</td>
</tr>
<tr>
<td>Salary oncosts</td>
<td>-</td>
<td>277</td>
<td>251</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>1,320</td>
<td>1,318</td>
</tr>
</tbody>
</table>

Aggregate employee benefits and related on-costs

<table>
<thead>
<tr>
<th></th>
<th>Parent 2006</th>
<th>Consolidated 2006</th>
<th>Consolidated 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provisions – current</td>
<td>-</td>
<td>1,043</td>
<td>1,067</td>
</tr>
<tr>
<td>Accrued salaries &amp; on-costs</td>
<td>-</td>
<td>326</td>
<td>274</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>1,369</td>
<td>1,341</td>
</tr>
</tbody>
</table>

13. changes in equity

<table>
<thead>
<tr>
<th></th>
<th>Parent 2006</th>
<th>Consolidated 2006</th>
<th>Consolidated 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at the beginning of the financial period</td>
<td>1,683</td>
<td>1,683</td>
<td>1,183</td>
</tr>
<tr>
<td>Decrease in net assets from equity transfer (Note 14)</td>
<td>(539)</td>
<td>(539)</td>
<td>-</td>
</tr>
<tr>
<td>Surplus for the year (Note 24)</td>
<td>213</td>
<td>213</td>
<td>500</td>
</tr>
<tr>
<td>Balance at the end of the financial period</td>
<td>1,357</td>
<td>1,357</td>
<td>1,683</td>
</tr>
</tbody>
</table>

14. equity transfers to the chief investigator of the office of transport safety investigations

On 1 July 2005 the agency transferred the responsibility for the Investigation Program to the Chief Investigator of the Office of Transport Safety Investigations (Note 6). The assets and liabilities relating to this program are summarised below:

<table>
<thead>
<tr>
<th></th>
<th>Transfer out of agency $000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
</tr>
<tr>
<td>Cash at bank</td>
<td>80</td>
</tr>
<tr>
<td>Property, plant and equipment (Note 9)</td>
<td>539</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>619</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
</tr>
<tr>
<td>Provisions for employee entitlements</td>
<td>80</td>
</tr>
<tr>
<td>Net assets transferred (Note 13)</td>
<td>539</td>
</tr>
</tbody>
</table>
## 15. commitments for expenditure

### (a) Capital Commitments

Aggregate capital expenditure contracted at balance date and not provided for:

<table>
<thead>
<tr>
<th></th>
<th>Parent 2006</th>
<th>Consolidated 2006</th>
<th>Consolidated 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Not later than one year</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Later than one year but not later than five years</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Later than five years</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total (including GST)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

### (b) Other Expenditure Commitments

Aggregate other expenditure contracted for at balance date and not provided for:

<table>
<thead>
<tr>
<th></th>
<th>Parent 2006</th>
<th>Consolidated 2006</th>
<th>Consolidated 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Not later than one year</td>
<td>130</td>
<td>130</td>
<td>621</td>
</tr>
<tr>
<td>Later than one year but not later than five years</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Later than five years</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total (including GST)</td>
<td>130</td>
<td>130</td>
<td>621</td>
</tr>
</tbody>
</table>

### (c) Operating Lease Commitments

Future non-cancellable operating lease rentals not provided for and payable:

<table>
<thead>
<tr>
<th></th>
<th>Parent 2006</th>
<th>Consolidated 2006</th>
<th>Consolidated 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Not later than one year</td>
<td>4,802</td>
<td>4,802</td>
<td>1,717</td>
</tr>
<tr>
<td>Later than one year but not later than five years</td>
<td>3,458</td>
<td>3,458</td>
<td>801</td>
</tr>
<tr>
<td>Later than five years</td>
<td>629</td>
<td>629</td>
<td>-</td>
</tr>
<tr>
<td>Total (including GST)</td>
<td>4,802</td>
<td>4,802</td>
<td>1,717</td>
</tr>
</tbody>
</table>

The agency leases its motor vehicles, computers and office accommodation (Note 1(i)). Input tax on all commitments estimated at $448K will be recouped from the Australian Taxation Office.
16. Contingent Liabilities and Contingent Assets

Contingent Liabilities
The agency had no contingent liabilities as at balance date (2005 - nil).

Contingent Assets
The agency had no contingent assets as at balance date (2005 - nil).

17. Budget Review

Net Cost of Services
The net cost of services for the year ended 30 June 2006 was $14.793m compared to the budget of $16.035m.

■ Employee related expenses at $9.978m were slightly below the budget of $10.022m due to lower than expected employee oncosts.

■ Other operating expenses at $4.660m were below the budget of $5.712m due to underspending on legal services. Allocation for legal services is protected and is drawdown as required.

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

■ Cash of $3.281m was higher than budget and will be used to pay accrued expenses, creditors and relocation costs of the Chief Investigator of the Office of Transport Safety Investigations.

■ The receivables were higher than budget due to Goods and Services Tax recoverable.

■ Accounts payable including provisions were higher than the budget due to capital expenditure incurred in 2005-06 but paid for in 2006-07.

Cash Flows
Net cash flows from operations amounted $1.448m of which $472K was spent on property, plant and equipment with the balance to be used to pay creditors and accrued expenses.
### 18. reconciliation of cash flows from operating activities to net cost of services as reported in the operating statement

<table>
<thead>
<tr>
<th></th>
<th>Parent 2006 $’000</th>
<th>Consolidated 2006 $’000</th>
<th>Consolidated 2005 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Cash flow from Operating Activities</td>
<td>1,448</td>
<td>1,448</td>
<td>746</td>
</tr>
<tr>
<td>Cash flows from Government/Appropriations</td>
<td>(14,712)</td>
<td>(14,712)</td>
<td>(15,647)</td>
</tr>
<tr>
<td>Acceptance by the Crown Entity of Employee Entitlements</td>
<td>(555)</td>
<td>(740)</td>
<td>(1,390)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(317)</td>
<td>(317)</td>
<td>(249)</td>
</tr>
<tr>
<td>Cash transfer – administrative restructure</td>
<td>(80)</td>
<td>(80)</td>
<td>-</td>
</tr>
<tr>
<td>(Decrease)/Increase in prepayments</td>
<td>(89)</td>
<td>(89)</td>
<td>(5)</td>
</tr>
<tr>
<td>(Decrease)/Increase in receivables</td>
<td>(148)</td>
<td>(148)</td>
<td>(203)</td>
</tr>
<tr>
<td>(Increase)/Decrease in creditors</td>
<td>(127)</td>
<td>(127)</td>
<td>766</td>
</tr>
<tr>
<td>Increase in provisions</td>
<td>(28)</td>
<td>(28)</td>
<td>(520)</td>
</tr>
<tr>
<td>Net Cost of Services</td>
<td>(14,608)</td>
<td>(14,793)</td>
<td>(16,502)</td>
</tr>
</tbody>
</table>

### 19. non-cash financing and investing activities

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

<table>
<thead>
<tr>
<th></th>
<th>Parent 2006 $’000</th>
<th>Consolidated 2006 $’000</th>
<th>Consolidated 2005 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees’ entitlements and liabilities</td>
<td>555</td>
<td>740</td>
<td>1,831</td>
</tr>
<tr>
<td>Assumed by the Crown Entity (Note 5)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>555</td>
<td>740</td>
<td>1,831</td>
</tr>
</tbody>
</table>
20. administered assets and liabilities

<table>
<thead>
<tr>
<th></th>
<th>Parent 2006 $'000</th>
<th>Consolidated 2006 $'000</th>
<th>Consolidated 2005 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Administered Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables (1)</td>
<td>37</td>
<td>37</td>
<td>1,081</td>
</tr>
<tr>
<td><strong>Total Administered Assets</strong></td>
<td>37</td>
<td>37</td>
<td>1,081</td>
</tr>
<tr>
<td><strong>Administered Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables (1)</td>
<td>37</td>
<td>37</td>
<td>1,081</td>
</tr>
<tr>
<td><strong>Total Administered Liabilities</strong></td>
<td>37</td>
<td>37</td>
<td>1,081</td>
</tr>
</tbody>
</table>

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

21. administered revenue
– schedule of uncollected amounts

<table>
<thead>
<tr>
<th>Uncollected administered revenue</th>
<th>37</th>
<th>1,081</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>37</td>
<td>1,081</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>&lt;90 Days</th>
<th>&gt;90 Days</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Receivables – rail accreditation fees – 2006</td>
<td>21</td>
<td>16</td>
</tr>
<tr>
<td>Receivables – rail accreditation fees – 2005</td>
<td>256</td>
<td>825</td>
</tr>
</tbody>
</table>

22. administered revenue

<table>
<thead>
<tr>
<th>Rail accreditation fees collected and remitted to the Crown</th>
<th>Parent 2006 $'000</th>
<th>Consolidated 2006 $'000</th>
<th>Consolidated 2005 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2,789</td>
<td>2,789</td>
<td>3,591</td>
</tr>
<tr>
<td>Total</td>
<td>2,789</td>
<td>2,789</td>
<td>3,591</td>
</tr>
</tbody>
</table>
23. financial instruments

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

Receivables
All trade debtors are recognised as amount receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Debts, which are known to be uncollectable are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect amounts. The credit risk is the carrying amount (net of any allowance for impairment).

No interest is earned on trade debtors. The carrying amount approximates net fair value. Sales are made on 30 days terms.

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

(a) Interest Rate Risk
Interest rate risk is the risk that the value of the financial instruments will fluctuate due to changes in market interest rates. The exposure to interest rate risk and the effective interest rates of financial assets and liabilities both recognised and unrecognised at 30 June 2006 are as follows:

Financial Instruments

<table>
<thead>
<tr>
<th>Floating Interest rate</th>
<th>Non-Interest Bearing</th>
<th>Total carrying amount as per Balance Sheet</th>
<th>Weighted average effective interest rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006 $'000 $'000</td>
<td>2006 $'000 $'000</td>
<td>2006 $'000 $'000</td>
<td>2006 % 2005 %</td>
</tr>
<tr>
<td>Financial Assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>3,281</td>
<td>2,385</td>
<td>3,281 2,385</td>
</tr>
<tr>
<td>Receivables</td>
<td>-</td>
<td>342</td>
<td>342 357</td>
</tr>
<tr>
<td>Total</td>
<td>3,281</td>
<td>2,385</td>
<td>3,623 2,742</td>
</tr>
<tr>
<td>Financial Liabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payable</td>
<td>-</td>
<td>2,229</td>
<td>2,229 1,110</td>
</tr>
<tr>
<td>Total</td>
<td>-</td>
<td>2,229</td>
<td>2,229 1,110</td>
</tr>
</tbody>
</table>

(b) Credit Risk
Credit risk is the risk of financial loss arising from another party to a contract or financial position failing to discharge a financial obligation thereunder. The agency was not exposed to a credit risk from carrying amounts of financial assets in the Balance Sheet.
24. Impact of adopting Australian equivalents to IFRS

The agency has determined the key areas where changes in accounting policies impact the financial report. Some of these impacts arise because AEIFRS requirements are different from existing AASB requirements (AGAAP). Other impacts arise from options in AEIFRS. To ensure consistency at the whole of government level, NSW Treasury has advised agencies of options it has mandated for the NSW Public Sector. The impacts disclosed below reflect Treasury's mandates and policy decisions. The impacts of adopting AEIFRS on total equity and surplus/(deficit) as reported under previous AGAAP are shown below. There are no material impacts on the agency's cash flows.

(a) Reconciliation of key aggregates

Reconciliation of equity under existing Standards (AGAAP) to equity under AEIFRS

<table>
<thead>
<tr>
<th></th>
<th>Parent 2006 $'000</th>
<th>Consolidated 2006 $'000</th>
<th>Consolidated 2005 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total equity under AGAAP</td>
<td>1,357</td>
<td>1,357</td>
<td>1,683</td>
</tr>
<tr>
<td>Total equity under AEIFRS</td>
<td>1,357</td>
<td>1,357</td>
<td>1,683</td>
</tr>
</tbody>
</table>

Reconciliation of surplus/(deficit) under AGAAP to surplus/(deficit) under AEIFRS:

<table>
<thead>
<tr>
<th></th>
<th>Year ended 30 June 2006</th>
<th>Notes</th>
<th>$'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus under GAAP</td>
<td>13</td>
<td></td>
<td>213</td>
</tr>
<tr>
<td>Surplus/(deficit) under AEIFRS</td>
<td></td>
<td></td>
<td>213</td>
</tr>
</tbody>
</table>

(b) New Australian Standards issued but not effective

Certain new accounting standards and UIG interpretations have been published that are not mandatory for 30 June 2006 reporting periods. The agency, however, has early adopted the following Accounting Standards from 1 July 2005:

- AASB 2005-04 regarding the revised AASB 139 fair value option
- UIG 9 regarding the re-assessment of embedded derivatives and
- AASB 7 regarding financial instrument disclosure.

Any initial impacts on first time adoption of new accounting standards and UIG interpretations are not known or reasonably estimable.

END OF AUDITED FINANCIAL STATEMENTS
For the Period from 17 March 2006 to 30 June 2006

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

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

- Applicable Australian Accounting Standards (which include Australian Equivalents to International Financial Reporting Standards (AEIFRS)
- The requirements of the Public Finance and Audit Act and Regulations; and

(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 2006
INDEPENDENT AUDIT REPORT

INDEPENDENT TRANSPORT SAFETY AND RELIABILITY REGULATOR DIVISION

To Members of the New South Wales Parliament

Audit Opinion

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

- presents fairly the Division’s financial position as at 30 June 2006 and its performance for the period ended on that date, in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia, and
- complies with section 418 of the Public Finance and Audit Act 1983 (the Act) and the Public Finance and Audit Regulation 2005.

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

Scope

The Financial Report and Chief Executive Officer’s Responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement and accompanying notes to the financial statements for the Division, for the period ended 30 June 2006.

The Chief Executive Officer is responsible for the preparation and true and fair presentation of the financial report in accordance with the Act. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

I conducted an independent audit in order to express an opinion on the financial report. My audit provides reasonable assurance to Members of the New South Wales Parliament that the financial report is free of material misstatement.

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

- assessed the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Chief Executive Officer in preparing the financial report, and
- examined a sample of evidence that supports the amounts and disclosures in the financial report.
An audit does not guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that the Chief Executive Officer had not fulfilled her reporting obligations.

My opinion does not provide assurance:

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

Audit Independence

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

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

Peter Carr FCPA
Director, Financial Audit Services

SYDNEY
24 October 2006
**Income Statement**  
**For the Period from 17 March 2006 to 30 June 2006**

<table>
<thead>
<tr>
<th>Notes</th>
<th>Actual $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td></td>
</tr>
<tr>
<td>Personnel services</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
</tr>
<tr>
<td>Employee related</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Operating result for period</strong></td>
<td>7</td>
</tr>
</tbody>
</table>

The accompanying notes form part of these statements.

**Statement of Change in Equity**  
**For the Period from 17 March 2006 to 30 June 2006**

<table>
<thead>
<tr>
<th>Notes</th>
<th>Actual $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Income and Expenses</strong></td>
<td></td>
</tr>
<tr>
<td>Recognised Directly in Equity</td>
<td></td>
</tr>
<tr>
<td>Operating result for the period</td>
<td>7</td>
</tr>
<tr>
<td><strong>Total Income and Expenses</strong></td>
<td></td>
</tr>
<tr>
<td>Recognised for the Period</td>
<td>7</td>
</tr>
</tbody>
</table>

The accompanying notes form part of these statements.
Balance Sheet as at 30 June 2006

<table>
<thead>
<tr>
<th>Notes</th>
<th>Actual $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
</tr>
<tr>
<td>Receivables</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td>5</td>
</tr>
<tr>
<td>Provisions</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
</tr>
<tr>
<td>Accumulated funds</td>
<td>7</td>
</tr>
<tr>
<td><strong>Total Equity</strong></td>
<td></td>
</tr>
</tbody>
</table>

The accompanying notes form part of these statements.

Cash Flow Statement
For the Period from 17 March 2006 to 30 June 2006

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

The accompanying notes form part of these statements.
For the Period from 17 March 2006 to 30 June 2006

I. summary of significant accounting policies

(a) Reporting entity

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

The Independent Transport Safety and Reliability Regulator Division commenced operations on 17 March 2006 when it assumed responsibility for the employees and employee-related liabilities of the Independent Transport Safety and Reliability Regulator. The assumed liabilities were recognised on 17 March 2006 together with an offsetting receivable representing the related funding due from the former employer.

The financial report was authorised for issue by Chief Executive Officer of the Independent Transport Safety and Reliability Regulator on 20 October 2006. The report will not be amended and reissued as it has been audited.

(b) Basis of preparation

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

This is the first financial report prepared on the basis of Australian equivalents to International Financial Reporting Standards.

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

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

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

(c) Comparative information

As this is the Independent Transport Safety and Reliability Regulator Division’s first financial report, comparative information for the previous year is not provided.
(d) **Income**

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

(e) **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 doubtful debts. 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 income statement. Receivables are monitored during the year and bad debts are written off against the allowance when they are determined to be irrecoverable. Any other loss or gain arising when a receivable is derecognised is also recognized in the income statement.

(f) **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.

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

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

(h) New Australian Standards issued but not effective

Certain new accounting standards and UIG interpretations have been published that are not mandatory for 30 June 2006 reporting periods. The agency, however, has early adopted the following Accounting Standards from 1 July 2005:

- AASB 2005-04 regarding the revised AASB 139 fair value option
- UIG 9 regarding the re-assessment of embedded derivatives and
- AASB 7 regarding financial instrument disclosure.

Any initial impacts on first time adoption of new accounting standards and UIG interpretations are not known or reasonably estimable

2. expenses

\[
\begin{array}{lrr}
\text{Employee related} & \text{'}000 \\
\text{Salaries (including recreation leave)} & 2,166 \\
\text{Superannuation – defined benefits plan} & 68 \\
\text{Superannuation – defined contribution plan} & 137 \\
\text{Long service leave} & 240 \\
\text{Workers’ compensation insurance} & 18 \\
\text{Payroll tax and fringe benefits tax} & 179 \\
\hline
& 2,808 \\
\end{array}
\]

3. income

\[
\begin{array}{lrr}
\text{Personnel services} & \text{'}000 \\
 & 2,808 \\
\hline
& 2,808 \\
\end{array}
\]
notes to and forming part of the financial statements for the year ended 30 June 2006

4. receivables

Current receivables
Debtors

<table>
<thead>
<tr>
<th>$'000</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Debtors</td>
<td>1,369</td>
</tr>
<tr>
<td></td>
<td>1,369</td>
</tr>
</tbody>
</table>

5. payables

Current payables
Accruals – salaries and oncosts

<table>
<thead>
<tr>
<th>$'000</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accruals – salaries and oncosts</td>
<td>48</td>
</tr>
<tr>
<td></td>
<td>48</td>
</tr>
</tbody>
</table>

6. provisions

Current provisions
Recreation leave
Other

<table>
<thead>
<tr>
<th>$'000</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Recreation leave</td>
<td>1,043</td>
</tr>
<tr>
<td>Other</td>
<td>278</td>
</tr>
<tr>
<td></td>
<td>1,321</td>
</tr>
</tbody>
</table>

7. changes in equity

Changes in equity – transactions with owners as owners
Operating result for period
Balance at the end of the financial period

<table>
<thead>
<tr>
<th>$'000</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes in equity – transactions with owners as owners</td>
<td>-</td>
</tr>
<tr>
<td>Operating result for period</td>
<td>-</td>
</tr>
<tr>
<td>Balance at the end of the financial period</td>
<td>-</td>
</tr>
</tbody>
</table>

END OF AUDITED FINANCIAL STATEMENTS
part two

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rail networks in NSW

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

These journeys traverse over 10,000 kilometres of track and associated infrastructure such as stations, bridges and supporting structures, tunnels, overhead wiring, signalling, communication and train control systems.

There are three major rail networks in NSW:

- the Metropolitan Rail Area Network spanning the Sydney metropolitan area, Central Coast, Blue Mountains and Illawarra lines;
- the Defined Interstate Rail Network (DIRN) and the Hunter Valley (that includes the non-metropolitan interstate and Hunter Valley rail lines); and
- the Country Regional Rail Network.

There are also various short privately-owned lines, almost all of which are connected to the major networks.

Around 2,670 1 track kilometres of the NSW Metropolitan Rail Area Network is equipped for use by electric trains. This network is owned and maintained by RailCorp.

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

RIC continues to manage the remaining non-interstate non-Hunter Valley Country Regional Rail network, and contracts ARTC to provide maintenance services and the overall management of rail movements (such as train control and signalling).

Since 2004, NSW has been increasingly integrated into a national rail network from Western Australia to Queensland largely carrying freight.

The following table and map provide an indication of the relative size of each network, as reported by each track owner.

The following map outlines the area each of the main three networks covers.

---

Footnote: 1. As advised by RailCorp October 2006. The Metropolitan Rail Area Network is defined under the Transport Administration Act (1988).
Network Track Kilometres in NSW 2005-06

<table>
<thead>
<tr>
<th>Network</th>
<th>Track Kilometres (operational)</th>
</tr>
</thead>
<tbody>
<tr>
<td>DIRN and Hunter Valley</td>
<td>3,826</td>
</tr>
<tr>
<td>Country Rail Network</td>
<td>3,100</td>
</tr>
<tr>
<td>RailCorp</td>
<td>3,236</td>
</tr>
<tr>
<td>Other*</td>
<td>730</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10,892</strong></td>
</tr>
</tbody>
</table>

Statistics are based on information supplied by accredited railway organisations. For a definition of network track kilometres, see the definitions on page 118.

*This category includes tourist and heritage operations, commercial passenger operations such as Veolia Transport (monorail and light rail) and Perisher Blue, and freight operations.
rail service provision

The two primary services delivered by rail are passenger transport and freight movement. “Passenger” in this context refers to both passengers needing to move around the network for business/work purposes and those who are using it for recreational and cultural purposes.

Passenger rail services

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

The CityRail fleet carries over 273 million passenger journeys each year. On an average weekday there are about 2,500 services carrying over 900,000 passengers from 304 stations.

The CountryLink fleet carries some 1.7 million passenger journeys to regional NSW and interstate destinations. Great Southern Railway Ltd, operator of the Indian Pacific, also provides an interstate passenger service between Sydney and Perth.

The following table lists the five largest passenger operators in NSW.

<table>
<thead>
<tr>
<th>Operator</th>
<th>Passenger Journeys</th>
<th>Train Kilometres</th>
</tr>
</thead>
<tbody>
<tr>
<td>RailCorp - City Rail</td>
<td>273,660,220</td>
<td>34,952,295</td>
</tr>
<tr>
<td>Veolia Transport - Light Rail</td>
<td>2,960,298</td>
<td>494,670</td>
</tr>
<tr>
<td>Veolia Transport - Monorail</td>
<td>2,512,516</td>
<td>214,687</td>
</tr>
<tr>
<td>RailCorp – Countrylink (rail services)</td>
<td>1,740,396</td>
<td>3,373,889</td>
</tr>
<tr>
<td>Perisher Blue Pty Ltd</td>
<td>206,325</td>
<td>78,795</td>
</tr>
</tbody>
</table>

Statistics are based on information supplied by accredited railway organisations.

*For a definition of passenger journeys and train kilometres, see definitions on page 118.
The following diagram outlines the extent of the network on which CityRail passenger train services are offered.³

³ CityRail operates trains on the Metropolitan Rail Area Network, and on the DRN and Hunter Valley lines. This is sometimes referred to as the “CityRail Network”, however, this refers to the operation of trains rather than the ownership or control of tracks — which is the basis of “network” used in this report.
Outside of the main NSW network, but covered by the Rail Safety Act 2002, are other passenger rail services on self-enclosed networks. The Veolia Transport operated Sydney Light Rail consists of around 15 kilometres of track and 14 stations along a rail corridor of approximately 7 kilometres from Lilyfield to Central Station. It delivers about 2.9 million passenger journeys each year. Veolia Transport also operates the Sydney Monorail from Darling Harbour to the Sydney central business district providing around 2.5 million passenger journeys each year.

The Perisher Blue Skitube Alpine Railway transports passengers approximately 8 kilometres from Bullock’s Flat (the main car park) into Perisher Valley and Blue Cow mountain resorts during the ski season. Six kilometres of the track are underground, making it one of the longest train tunnels in Australia.

**Tourist and Heritage Railway Operators**

There is a range of tourist and heritage railways that make an important contribution to regional tourism and the cultural heritage of NSW. Most of these rely on volunteer workers, many of whom are current or past rail industry employees. Heritage railways are required to maintain accreditation under the Rail Safety Act 2002.

The following table lists the five largest tourist and heritage operators in NSW.

<table>
<thead>
<tr>
<th>Operator</th>
<th>Passenger Journeys</th>
<th>Train Kilometres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zig Zag Railway Co-op Ltd</td>
<td>60,662</td>
<td>28,382</td>
</tr>
<tr>
<td>Sydney Tramway Museum</td>
<td>48,093</td>
<td>6,112</td>
</tr>
<tr>
<td>3801 Limited</td>
<td>34,881</td>
<td>42,365</td>
</tr>
<tr>
<td>Glenreagh Mountain Railway Inc</td>
<td>19,595</td>
<td>2,754</td>
</tr>
<tr>
<td>Illawarra Light Railway Museum Society Ltd</td>
<td>7,200</td>
<td>300</td>
</tr>
</tbody>
</table>

*Statistics are based on information supplied by accredited railway organizations.*

*For a definition of passenger journeys and train kilometres, see definitions on page 118.*

Heritage railways that operated services on the mainline during 2005-06 included:
- 3801 Ltd
- Australian Railway Historical Society (ACT Division)
- Lithgow State Mine Heritage Park and Railway
- NSW Rail Transport Museum
- The Rail Motor Society

Heritage railways that operated services on isolated lines during 2005-06 included:
- Campbelltown Steam Museum
- Cooma-Monaro railway
- Glenreagh Mountain Railway
- Illawarra Light Railway Museum
- Millennium Parklands Railway
- Richmond Vale Preservation Co-op Society Ltd
- Zig Zag Railway

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

Rail is a significant mode of freight transport in NSW and the number of freight movements is increasing each year. A summary of the proportion of freight occurring on each of the networks and general type of freight (coal, grain, minerals etc) is outlined below.

<table>
<thead>
<tr>
<th>Proportion of Gross Tonne Kilometres (GTKs) by network and freight type*</th>
</tr>
</thead>
<tbody>
<tr>
<td>GTKs</td>
</tr>
<tr>
<td>Coal</td>
</tr>
<tr>
<td>Metropolitan</td>
</tr>
<tr>
<td>Hunter</td>
</tr>
<tr>
<td>Total country interstate</td>
</tr>
<tr>
<td>Total country other</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

*Rail Infrastructure Corporation, Networks Usage Data, 2002-03.

The haulage of coal in the Hunter Valley is the single largest rail freight task in NSW, closely followed by general freight moving to or from interstate. This interstate general freight task is predicted to grow significantly in the next decade. Other rail freight services operating in NSW include the transport of grain and mineral products to manufacturing and port facilities. The transport of grain is largely seasonal.

As at 30 June 2006, there were fifteen accredited freight rail operators in NSW. The following table lists the five largest freight operators.

<table>
<thead>
<tr>
<th>Top 5 Freight Operators in NSW (by freight kilometres) 2005-06*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operator</td>
</tr>
<tr>
<td>Pacific National Pty Ltd</td>
</tr>
<tr>
<td>Interail Australia Pty Ltd</td>
</tr>
<tr>
<td>Southern &amp; Silverton Railway Pty Ltd</td>
</tr>
<tr>
<td>Patrick Rail Operations Pty Ltd</td>
</tr>
<tr>
<td>Lachlan Valley Rail Freight Pty Ltd</td>
</tr>
</tbody>
</table>

†Estimated figures.

During the year, rail freight operator ownership experienced some changes. Notable developments included the commencement of operations in the Hunter Valley by Queensland Rail National (QR National) Coal and Freight Division in 2005 and QR National’s acquisition of the Australian Railroad Group.

In addition to operators whose core business is rail freight such as Pacific National, QR National and Lachlan Valley Rail Freight, many accredited operators are agricultural or industrial companies such as GrainCorp, BlueScope Steel, Manildra Group and Blue Circle Southern Cement, where the railway is one component of their overall operations. These operators use their own tracks as well as the main railway lines operated by RailCorp, ARTC and RIC.

Infrastructure and rolling stock service providers

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

As at 30 June 2006, there were nine accredited manufacturers/constructors and eleven accredited maintainers of infrastructure or rolling stock. RailCorp and ARTC are the largest maintainers of rail infrastructure.

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

Accredited railway infrastructure contractors include:
- major civil construction and engineering contractors such as the Transport Infrastructure Development Corporation (TIDC), John Holland Pty Ltd, Barclay Mowlem Construction Ltd, and Thiess Hochtief Joint Venture; and
- specialist engineering contractors such as Speno Rail Maintenance Australia.

Several manufacturers and maintainers of rolling stock are also accredited including:
- major manufacturers such as EDI Rail Ltd;
- rolling stock suppliers and lessors such Chicago Freight Car Leasing; and
- rolling stock maintainers and refurbishers such as Bradken Rail (Mittagong) and Pacific Rail Engineering.

railway employees

There are 22,000 employees directly employed by railway organisations (including tourist and heritage volunteers) in NSW according to data reported to ITSRR. An outline of employees of accredited railway organisations during 2005-06 is presented in the table below. This shows the bulk of employees are associated with passenger operations, followed by infrastructure management and then freight operations.

<table>
<thead>
<tr>
<th>Rail Operation</th>
<th>Category</th>
<th>Employees*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Train operations</td>
<td>Freight</td>
<td>3,400</td>
</tr>
<tr>
<td></td>
<td>Passenger</td>
<td>9,800</td>
</tr>
<tr>
<td></td>
<td>Tourist and Heritage</td>
<td>600</td>
</tr>
<tr>
<td></td>
<td>Rollingstock maintenance contractors</td>
<td>1,700</td>
</tr>
<tr>
<td>Infrastructure management</td>
<td>DIRN and Hunter</td>
<td>1,300</td>
</tr>
<tr>
<td></td>
<td>Country Rail Network</td>
<td>600</td>
</tr>
<tr>
<td></td>
<td>Metropolitan</td>
<td>3,900</td>
</tr>
<tr>
<td></td>
<td>Infrastructure maintenance contractors</td>
<td>800</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>22,100</td>
</tr>
</tbody>
</table>

Information based on data supplied by accredited organisations and information drawn from annual reports.

* Average for the 2005-06 year, including contractors and volunteers as reported to ITSRR under the national incident classification scheme, ON-S2.
legislative context

Current legislative context

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

- metropolitan, regional and interstate rail passenger services;
- passenger services on self-enclosed networks such as the Sydney Light Rail and Monorail, and Perisher Blue Ski-tube;
- freight rail services;
- heritage railway operators and railway museums;
- infrastructure provision and operation; and
- manufacturers, constructors and maintainers of rail infrastructure and rolling stock.

Railway organisations that conduct these activities are accredited under the Rail Safety Act on the basis that they have the competency and capacity to safely manage their operations.

legislative reforms

A number of state and national reforms are underway to improve rail safety management. Details of these reforms are outlined in ITSRR’s corporate annual report (Part 1.2).

Significant NSW initiatives include:

- development for implementation on 1 July 2006 of new regulations and guidelines relating to safety management systems, exemptions from accreditation, variations to accreditation, notification of changes to railway operations, notification of occurrences, and safety interface agreements for private sidings;
- development for implementation on 4 August 2006 of proposals for changes to drug and alcohol testing requirements for the rail industry, to improve the accuracy, fairness and efficiency of testing programs; and
- development for implementation on 1 September 2006 of regulations to improve train radio communications.

A national model Rail Safety Bill was approved by the Australian Transport Council in June. Also approved was an implementation program to ensure that the Bill and its legislative reforms are implemented in a nationally consistent and coordinated manner in all States and Territories by 1 July 2007. Nationally approved guidelines and compliance codes will assist the industry to achieve national consistency in the administration of rail safety.
definitions of rail-related terms

A **running line** means all railway tracks (other than sidings and shunting yards) that are used for the through movement of trains inclusive of mainlines, isolated lines and crossing/passing loops.

**Commercial operations** are those railway services operated for reward.

The **mainline** is the running line normally used for running trains. In NSW these are operated by RailCorp, ARTC and RIC.

**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.

**Infrastructure** generally includes the track and its components eg. rails, sleepers, bridges, ballast, and signalling equipment. Generally the term does not include stations or terminals.

**Disused (or unused) lines** are those on which rail operations are currently not permitted.

**Rolling stock** means any vehicle that operates on or uses railway track, excluding road/rail vehicles, which are designed for both uses.

**Network** relates to the connected track and infrastructure, generally owned or operated by a single organisation such as RailCorp.

**Passenger trains** are designed and used for carrying passengers, while **freight trains** are designed and used for carrying freight, such as coal and minerals, grain, fuel, livestock and containers.

The term **track kilometres** refers to the length of operational track (kilometres). This is distinct from the length of the corridor, as a corridor may contain more than one track.

**Track machines** are specialised pieces of rolling stock used on the rails to maintain infrastructure.

**Terminals** are places where freight is loaded onto or unloaded from trains.

**Train kilometres (passengers) (tkm passengers)** refers to the total kilometres travelled in NSW by an organisation’s passenger trains.

**Train kilometres (freight) (tkm freight)** refers to the total kilometres travelled in NSW by an organisation’s freight trains.

**Tonne kilometres** is calculated by the weight of a train and the distance it runs. This can be expressed as the total weight of a train (gross tonne kilometres or gtk) or the weight of the cargo (net tonne kilometres or ntk).

The number of **passenger journeys** in urban areas measures the number of point to point journeys, irrespective of number of vehicles or mode used for the trip. For non-urban areas, it measures the number of point to point journeys, but each change of vehicle along the route is a separate journey.
bus operations in NSW

The NSW bus industry is a diverse industry and comprises some 3,400 accredited bus operators. Operators range from internationally based companies operating large bus fleets in the metropolitan areas through to single bus operators providing dedicated school bus services in rural NSW. The industry also has a wide range of coach and tourist service providers, ranging from large coach fleet companies through to single mini-bus type operators.

The Sydney Metropolitan District has the largest number of buses. However, it has a smaller number of operators when compared to that of rural and regional NSW:

The majority of buses in rural and regional NSW are engaged in the delivery of school bus services.

operating context

It is recognised that buses operate within a road network that is shared by a wide range of vehicles. Many factors in this network can be outside the management and control of bus drivers and operators, such as erratic driving by other vehicles and errant pedestrian behaviour as well as the condition of roads which can impact on the ability of operators to deliver their services.

legislative context

Public passenger bus and coach services are regulated in NSW under the Passenger Transport Act 1990. This includes both regular passenger services provided under contract and the deregulated charter and tourist services. All public passenger bus and coach operators in NSW must obtain an accreditation from the NSW Ministry of Transport to provide their services.

The Ministry of Transport ensures that operators and drivers have the competency to deliver safe services through its accreditation and authorisation processes. For more information on these processes, see the Ministry of Transport’s website at www.transport.nsw.gov.au

reforms in the NSW bus industry

The Government’s Bus Reform Program commenced in 2003-2004. The reform program has been based on the Review into NSW Bus Services undertaken by the Hon Barrie Unsworth, as well as the review by the Transport Regulators’ Executive Committee into implications for other transport modes of the Special Commission of Inquiry into the Waterfall Rail Accident Report.

The reform program has resulted in the introduction of 15 new Metropolitan Bus System Contracts for the Sydney Metropolitan Area. The contracting arrangements are also being introduced in the outer metropolitan areas including the Illawarra, the Central Coast, the Blue Mountains and the Newcastle/Hunter Districts.

Rural and regional contract changes are also being considered as part of overall reform process.
Legislative and regulatory reforms

As part of the reform program, the following regulatory and legislative reforms have been introduced:

- In 2004, the *Passenger Transport Act 1990* was amended to introduce the requirement for bus and ferry operators to have documented safety management systems to identify and control significant risks and implement drug and alcohol programs.

- In 2005, the *Passenger Transport Act 1990* was amended to provide for step-in arrangements to maintain regular bus services on termination or expiry of certain existing bus service contracts, or where the Director General determines that continuity of service is threatened.

- In 2005, the *Passenger Transport (Bus Services) Regulation 2000* was amended to prescribe the criteria to be met by applicants for bus operator accreditation and the conditions of accreditation to which bus operators are subject, including requirements in relation to:
  - safety management systems;
  - drug and alcohol programs;
  - compliance and auditing; and
  - security camera and duress alarm systems.

Accreditation reform

Additionally, the Ministry of Transport is implementing the following key safety related reforms to its accreditation system:

- a new Bus Operator Accreditation System (BOAS) with enhanced safety and auditing requirements; and

- revised standards for security camera and duress alarm systems for buses.

From 1 July 2005, the BOAS requires a three year renewable accreditation process. The purpose of the BOAS is to ensure safe and reliable passenger bus services for the travelling public of NSW. The BOAS is the key measure through which the Ministry of Transport fulfils its responsibilities with regard to bus services under the *Passenger Transport Act*.

Performance under the BOAS is measured through an audit process which involves:

- a program of self-assessment audits performed by bus operators on an annual basis;

- a program of independent audits being conducted as least once during the three year period of accreditation; and

- a program of random and targeted inspection of bus operators performed by compliance officers from the Ministry of Transport.

For more information on audit and accreditation activities, see the Ministry of Transport’s Annual Report 2005-06 on its website. For 2005-06 audit and accreditation activity data, see the Cross-Modal Transport Safety Report in Part 2.4.

Ongoing reforms

The focus of the Ministry’s efforts will be the implementation of the reform program outlined above.

The Ministry of Transport is also involved in ongoing discussions with the Roads and Traffic Authority and National Transport Commission on a range of safety initiatives including the introduction of driver fatigue management guidelines and the ongoing development and implementation of national medical fitness requirements for bus drivers.
ferry operations in NSW

The ferry industry comprises nine commercial operators and employs around 600 people. These range from large operators, such as the Sydney Ferries Corporation with wide geographic coverage of Sydney Harbour, to smaller businesses which focus on specific routes in urban and regional locations.

Approximately 15.5 million passengers are carried annually on ferry services in NSW. Sydney Ferries Corporation transports the vast majority of these – around 14 million. The remaining 1.5 million are shared among the eight smaller urban and regional operators.

The coverage of the ferry network is extensive. Services are available from Yamba to Iluka on the North Coast, in Newcastle, Broken Bay, Brisbane Waters and the Hawkesbury River, and at Pittwater, Church Point.

In the south, services crossing the Port Hacking River from Cronulla to Bundeena and the Royal National Park are offered.

Closer to Sydney, the Sydney Ferries network stretches approximately 37 kilometres from Parramatta in the West, to Manly in the North East and Watsons Bay in the East.

The ferry services operating environment also includes development of wharf infrastructure. There are around 260 public ferry wharves throughout NSW. NSW Maritime is responsible for the safety of ferry wharves and, from March 2006, will progressively assume ownership of all ferry wharves in Sydney Harbour.

NSW Maritime continues to maintain its own wharves, the wharves of the Ministry of Transport and those of the Sydney Harbour Foreshore Authority. In addition, infrastructure maintenance has been undertaken by NSW Maritime on the following local council wharves:

- Birkenhead Point
- Double Bay, and
- Balmain East.
legislative context

Safety regulation

NSW Maritime is the safety regulator of all passenger ferries within the navigable waters of NSW, primarily via the Commercial Vessels Act 1979 and its Regulations. NSW Maritime also has regulatory roles under the Passenger Transport Act 1990, particularly in relation to safety management systems and drug and alcohol testing.

Under amendments to the Marine Safety Act 1998, NSW Maritime has been given responsibility for inspecting public ferry wharves to ensure the safety of members of the public and ferry operators, along with the power to issue notices for improvements or prohibitions.

Ferries which operate between states are regulated by the Australian Maritime Safety Authority (AMSA).

WorkCover NSW also has a safety regulation role via the Occupational Health and Safety Act 2000.

Economic regulation

Sydney Ferries Corporation accounts for the vast majority of ferry services in NSW and is specifically regulated by the Ministry of Transport. Sydney Ferries Corporation was established in July 2004 by amendments to the Transport Administration Act 1988 and is a statutory State Owned Corporation under the State Owned Corporations Act 1989 (NSW).

Under the Passenger Transport Act 1990, service levels, routes and timetables are set by an instrument between the corporation and the Ministry of Transport.

The fares charged by Sydney Ferries Corporation are determined by the Independent Pricing and Regulatory Tribunal (IPART) in accordance with the Independent Pricing and Regulatory Tribunal Act 1992. Matters considered under this Act include consumer protection, economic efficiency, financial viability and environmental protection.

Other ferry operators are not specifically regulated in an economic sense, although they are governed by the range of legislation applicable to all businesses operating within NSW.

legislative reforms

No new legislative reforms were implemented in 2005-06 in NSW although NSW Maritime continued to contribute to the development of the National Standard for Commercial Vessels.

The following reforms are expected in 2006-07:

- implementation of new wharf ownership arrangements, under which NSW Maritime will own and maintain commuter wharves in Sydney Harbour;
- amendment of the Passenger Transport (Drug and Alcohol Testing) Regulation 2004;
- amendment of the drug and alcohol guidelines for ferries under the Passenger Transport Act 1990; and
- progressive adoption of the National Standard for Commercial Vessels over the next 2 years – covering all safety-related areas including crewing, construction, equipment, operating practices and the operation of fast craft.

This Rail Industry Safety Report summarises rail safety incidents on the NSW rail network in 2005–06. The statistical summaries are based on the incident categorisation of the national rail incident classification scheme, ON–S1.

The ON–S1 scheme was introduced in NSW in 2005 as part of a nationally standardised reporting framework to ensure consistency in the classification and analysis of rail safety information between state, territory and federal rail safety regulators.

rail safety statistics

Section 64 of the Rail Safety Act 2002 requires accredited railway organisations¹ to notify ITSRR of safety–related rail occurrences on the NSW rail network.

For the purpose of national reporting, these “notifiable occurrences” are classified into specific rail incident categories as defined in the national incident classification scheme, ON–S1.

The 2005–06 year was the first full year in which many NSW rail operators began to report and classify incidents according to the ON-S1 scheme. Statistics reported herein for 2005–06 (and back to 2004²) are based on incident notifications from all operators, not just major operators as in previous Annual Reports. Hence, compared to previous Reports, the statistics for recent years cover a larger number of accredited organisations and a greater range of operations such as light rail and tourist and heritage.

The inclusion in this Annual Report of additional notifications for only part of the historical incident record complicates comparison of incident counts over time — a higher incident count in recent years may simply reflect the larger pool of operators reporting since 2004. This will not affect serious incidents which have always been reported via the major operators.³ However many of the additional reports are from smaller operators and involve incidents on isolated lines or in yards which may not have been captured historically.

informing safety management

Rail incident statistics (on their own) provide a relatively blunt indication of safety performance because they only flag problems that have progressed to the point of an adverse outcome such as injury or damage.

In order to prevent serious incidents such as collisions and derailments, safety performance monitoring must include measures of the safety–related factors that can lead to such incidents. This helps to ensure that safety deficiencies are flagged before they progress to the point of an adverse outcome. Such measures are referred to as lead indicators because they predict emerging safety issues. They include such things as organisational, procedural and behavioural factors that can directly or indirectly contribute to incidents.

ITSRR uses a variety of safety information, in addition to incident statistics, to measure safety performance and guide regulatory activity. These include findings from accident investigations and safety risk modelling to identify hazardous events and contributing factors relevant to NSW railways. A large part of ITSRR’s regulatory activity comprises safety audits and compliance inspections. These include monitoring of lead indicators to help determine if operators have the capacity, competency and systems to identify and manage safety risks relevant to their operations.

¹ Accreditation is described further in ITSRR’s Corporate report and the Transport Industry Overview. ² ITSRR is partway through a process of sourcing and validating historical incident notifications from smaller operators, many of which exist as handcopy. At the time of writing, small operator notifications back to the start of 2004 have been classified and uploaded to the ITSRR rail incident database. ³ In cases where an incident is reported via major operators as well as via additional sources the incident is only counted once for the purpose of summary statistics.
2. rail-related injury

2.1 fatality

For the third successive year there were no multiple fatality train incidents on the NSW rail network. Thirty six fatalities were reported in separate incidents during 2005–06. The majority (31) were trespasser and suicide fatalities.

The number of fatalities was higher than 2004–05 (26) but remains consistent with a longer-term decreasing trend over the last decade (Figure 1). The increase was due largely to a change in trespasser and suicide fatalities (31 in 2005–06 compared to 23 in 2004–05). These types of incidents are beyond the direct control of rail operators.

Passenger, employee and public fatalities are summarised in Table 1. There was one passenger and one public fatality in 2005–06 which was at, or close to, the lowest level recorded over the last decade (Figure 1). The public fatality resulted from a train colliding with a road vehicle at a level crossing and is the subject of an investigation by the Australian Transport Safety Bureau (ATSB).

Three employees were killed in 2005–06 which is consistent with the historical record. These fatalities occurred in separate incidents and all involved persons being struck by a train. Two of the incidents are being investigated by the Office of Transport Safety Investigations (OTSI) (Table 1).

<table>
<thead>
<tr>
<th>Date</th>
<th>Category</th>
<th>Location</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 July 2005</td>
<td>Collision with person</td>
<td>Zig Zag</td>
<td>Rail volunteer fell from a rock ledge onto tracks and was run over by a train</td>
</tr>
<tr>
<td>21 February 2006</td>
<td>Collision with person</td>
<td>Revesby (Sydney)</td>
<td>Passenger train struck and fatally injured a person who stumbled from a platform seat and fell in front of train</td>
</tr>
<tr>
<td>15 April 2006</td>
<td>Collision with person</td>
<td>Ariah Park</td>
<td>Rail volunteer for a heritage passenger service was fatally injured when crushed between the buffers of the locomotive and wagon†</td>
</tr>
<tr>
<td>22 May 2006</td>
<td>Collision with person</td>
<td>Baan Baa</td>
<td>During ballasting operations an employee was fatally injured when struck by wagon of ballast train†</td>
</tr>
<tr>
<td>5 June 2006</td>
<td>Collision with road vehicle at level crossing</td>
<td>Albury</td>
<td>Country passenger train struck a road vehicle at a level crossing, killing the driver of the road vehicle§</td>
</tr>
</tbody>
</table>

* Excludes trespasser, casualty and suicide.
† Subject of an investigation by NSW Office of Transport Safety Investigations.
§ Subject of an investigation by the Australian Transport Safety Bureau.

4. Figures quoted for previous years may differ from those reported elsewhere due to data validation.
For the purpose of this report, an injury is classified as Serious if the injured person is taken to hospital. This is a more inclusive criterion compared to that of ON–S1, which is based on hospital admission. Typically, there is insufficient information supplied in incident notifications to determine whether or not a person taken to hospital was actually admitted. 6 A small number of slip and fall injuries are the result of falls on railway property with a health-related cause e.g. person faints and is injured in subsequent fall.

2.2 Injury

Serious injury — July 2005 to June 2006

Serious injury statistics in this section are based on a provisional reclassification of reported injury data to align it as closely as possible with the injury severity grading of the national incident classification scheme, ON–S1. 5 The largest number of serious injuries in 2005–06 was associated with passengers (403) (Figure 2). Most injuries (90%) were the result of falls on railway property, for example, between platform and train or down stairs. 6 Risk modelling elsewhere has shown that passenger falls are one of the greatest contributors to overall safety risk on railways, reflecting the large number of passengers moving on or about railway premises. In NSW there were approximately 280 million passenger journeys in 2005–06.

There were four passenger injuries associated with strikes by trains. In three cases a passenger fell between the platform and a moving train. The fourth incident involved a passenger falling from the platform into the path of an approaching train (Table 2).

The number of employee serious injuries (25) was much lower than that of passengers. However, the injury rate (as a proportion of total employees, 22,300) was higher. More than half of employee injuries (14) were associated with assault or falls. The remaining 11 injuries are summarised in Table 2.

Approximately 10% of all passenger and employee serious injuries in 2005–06 were the result of assault. Historically, assaults were not reported as railway occurrences. Determining the current rate of assault is also difficult because some assault incidents are not reported at all or are reported directly to police.

The NSW Bureau of Crime Statistics and Research collects data on criminal incidents on railway premises including trains, railway stations and carparks. This data shows that the majority (80%) of assaults on railway premises occur on stations. There has been a significant decrease in these assaults between 2002 and 2006.

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5. For the purpose of this report, an injury is classified as Serious if the injured person is taken to hospital. This is a more inclusive criterion compared to that of ON–S1, which is based on hospital admission. Typically, there is insufficient information supplied in incident notifications to determine whether or not a person taken to hospital was actually admitted. 6 A small number of slip and fall injuries are the result of falls on railway property with a health-related cause e.g. person faints and is injured in subsequent fall.
### Table 2. Serious injuries on the NSW Rail Network — July 2005 to June 2006

<table>
<thead>
<tr>
<th>Date</th>
<th>Location</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>20 July 2005</td>
<td>Blacktown</td>
<td>Passenger kicked out a window of passenger train causing open wound to leg. Passenger taken to hospital</td>
</tr>
<tr>
<td>9 August 2005</td>
<td>Blacktown</td>
<td>Passenger stumbled into side of departing passenger train and fell between platform and train. Passenger taken to hospital</td>
</tr>
<tr>
<td>31 August 2005</td>
<td>Dubbo</td>
<td>Motor cycle crashed on running line at level crossing. Rider taken to hospital. No trains involved although track machines in section at time</td>
</tr>
<tr>
<td>10 September 2005</td>
<td>Lewisham</td>
<td>Seat fire in Run 41-E extinguished by the fire brigade. Train guard suffered smoke inhalation and taken to hospital</td>
</tr>
<tr>
<td>9 October 2005</td>
<td>Leura</td>
<td>Passenger fell between train and platform and was struck by passenger train. Passenger taken to hospital</td>
</tr>
<tr>
<td>24 November 2005</td>
<td>Town Hall</td>
<td>Embers from earlier track work ignited dust in air conditioning ducting. NSW Fire Brigade ordered evacuation. Several transit officers taken to hospital with smoke inhalation</td>
</tr>
<tr>
<td>25 February 2006</td>
<td>Port Waratah</td>
<td>Low speed collision between train and coal wagons in a siding due to communication breakdown between shunter and locomotive driver. Two employees taken to hospital</td>
</tr>
<tr>
<td>6 April 2006</td>
<td>Denman</td>
<td>Freight train collided with road vehicle at level crossing. Occupant of road vehicle sustained minor head injuries and taken to hospital</td>
</tr>
<tr>
<td>29 April 2006</td>
<td>Junee</td>
<td>Track worker caught between spot tamper machine and a flat top welding trolley. Worker taken to hospital</td>
</tr>
<tr>
<td>17 May 2006</td>
<td>Miranda</td>
<td>Passenger train struck and injured a passenger who fell out of wheelchair and off platform. Passenger taken to hospital</td>
</tr>
<tr>
<td>23 May 2006</td>
<td>Sutherland</td>
<td>Freight train struck passenger who was on platform and came into contact with wagon on train. Passenger taken to hospital</td>
</tr>
<tr>
<td>7 June 2006</td>
<td>Morisset</td>
<td>Gantry crane from track laying machine toppled and fell onto main line then rolled before coming to rest. Two rail workers inside crane taken to hospital</td>
</tr>
<tr>
<td>18 June 2006</td>
<td>Bondi Junction</td>
<td>Station evacuated due to smoke and toxic fumes caused by rail grinder. Two employees taken to hospital</td>
</tr>
<tr>
<td>23 June 2006</td>
<td>Berry</td>
<td>Passenger train struck road vehicle which entered crossing after warning signals had been activated. Passenger in road vehicle taken to hospital</td>
</tr>
</tbody>
</table>

* Injury classified as serious if person taken to hospital. Excludes assault, trespasser injury, attempted suicide and falls.
Figure 2. Serious injuries on the NSW Rail Network — July 2005 to June 2006

Injury classified as serious if incident report refers to person taken to hospital.
Injury — historical record

The historical injury data for NSW has been classified and graded according to significantly different criteria to those specified in ON–S1. Therefore, to provide a valid basis for comparison over time, the historical injury record of Figure 3 considers all injuries, irrespective of severity. Data has been reviewed to exclude, as best as possible, injuries not on railway property and non–injury casualties (e.g. heart attack) both of which tended to be reported historically.

Passenger and employee injuries associated with train accidents such as derailment have decreased over time. The count for 2005–06 was at, or close to, the lowest level of the last decade. Assault–related injuries increased in 2005–06 but these were not generally reported historically. An increase in the number of fall–related injuries corresponds with an increase in the reporting of all fall–related incidents since 2003.

Public injuries from level crossing incidents also decreased in 2005–06 and are at, or close to, their lowest level for the last decade. Incidents in which members of the public were hit by trains are associated with trams striking pedestrians on the Sydney light rail system.7

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7. The historic record of rail safety occurrences for the Sydney light rail system starts in 2002-03.
3. key rail safety occurrences

This section summarises statistics for four ON-S1 occurrence categories; train collision, train derailment, fire and level crossings. A subset of incidents within each of these categories represent high-risk railway incidents, that is, they have potential to cause multiple injuries and fatalities.

3.1 train collision

While a large number of collisions are reported to ITSRR each year, most are minor incidents with limited potential for a catastrophic outcome. For example, over 400 Collision with Missile incidents were reported in 2005–06 (Figure 4) with most (95%) involving stones thrown at trains. Other frequent, but less severe, incidents included collisions with obstructions (mainly vandalism and overhanging/fallen trees) and with animals (mainly livestock).

The number of train to person collisions in 2005–06 (26) was the lowest recorded over the last 10 years. Ten of these incidents resulted in a fatality. Six of the ten fatalities arose from injuries to trespassers. The other four fatalities were summarised previously (Table 1).

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Missile</td>
<td>410</td>
</tr>
<tr>
<td>Obstruction</td>
<td>185</td>
</tr>
<tr>
<td>Animal</td>
<td>92</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>72</td>
</tr>
<tr>
<td>Person</td>
<td>26</td>
</tr>
<tr>
<td>Rolling stock</td>
<td>15</td>
</tr>
<tr>
<td>Train</td>
<td>10</td>
</tr>
<tr>
<td>Road vehicle</td>
<td>7</td>
</tr>
</tbody>
</table>

**Figure 4.** Train collisions on the NSW Rail Network — July 2005 to June 2006

In brackets are number of fatalities, serious injuries and minor injuries respectively. Train to Person collisions exclude incidents classified as suspected/attempts suicide and incidents at level crossings.

*5. The allocation of incidents to network type (e.g. DIRN, Metro) is based on the incident location as supplied in the incident notification. The statistics for each network type may include incidents in yards etc adjoining the running lines of each network. "Other" includes the Country Regional Network.
The number of train to train collisions in 2005–06 (10) is consistent with the historical record (Figure 5). No injuries were reported for any of these incidents. Seven incidents involved shunting or low speed collisions of track machines. The other three incidents comprised swinging doors on freight trains striking trains passing in the opposite direction.

All train to rolling stock collisions in 2005–06 (15) involved low speed shunting or runaways in yards. One incident resulted in two people being taken to hospital for treatment (Table 2). Three of the seven incidents of trains colliding with road vehicles involved trams on the Sydney light rail system.

The effect of additional incident reports from small operators is apparent in the historical record of both rolling stock and infrastructure collisions (Figure 5). The majority of these incidents occurred in yards and were less likely to be reported via the managers of the three major networks.

Figure 5. Train collisions on the NSW Rail Network — 1996–97 to 2005–06

“Additional Reports” refers to incidents reported directly by small operators (available for recent years).

Train to person collisions do not include incidents classified as suspected / attempted suicide or incidents at level crossings.
3.2 train derailment

Forty three running line derailments were reported to ITSRR in 2005–06 (Figure 6). This is down from 65 in 2004–05 but consistent with the longer term count for these types of incidents. No injuries were reported for any of these incidents.

Two of the 43 running line derailments involved passenger trains in service. One incident involved the derailment of a carriage as part of a tourist train on an isolated line. The second was the derailment of an XPT passenger service at Harden as a result of a broken axle. The latter incident is the subject of an investigation by the Australian Transport Safety Bureau (ATSB).

Almost all remaining running line derailments involved either freight trains or track machines. A Pacific National freight train derailment on the Defined Interstate Rail Network (DIRN) (Yerong Creek) is the subject of an investigation by the ATSB. A Pacific National derailment on the DIRN between Conoble and Ivanhoe is the subject of an investigation by Office of Transport Safety Investigations (OTSI).

All running line derailments on the metropolitan network involved track machines or freight trains. A derailment of an Interail freight train at Lidcombe is the subject of an investigation by OTSI.

There were 105 yard derailments in 2005–06 which is less than that for 2004–05 (119) and consistent with a long–term decrease over the last 10 years (Figure 7). The majority of these incidents occurred wholly within yards. However, a small number of yard derailments were actually track machines derailing on sections of running line closed for track maintenance. No injuries were reported for any of these incidents.
3.3 Fire

Under the national incident classification scheme line-side, station and train fires are all reported under a single category Fire. There were 294 reports of fires on or affecting the NSW rail network in 2005–06.

A breakdown of incidents (Figure 8) shows approximately 60% were off-train fires comprising line-side fires (such as grass fires, sleepers) and small fires on stations. There were a variety of causes of off-train fires including arson, trackwork (e.g. sparks from track grinding) and faulty rolling stock (e.g. sparks from sticking brakes). Two relatively serious incidents involved fires at large rail stations in Sydney. Both were associated with track work and resulted in employees taken to hospital suffering smoke inhalation (Table 2).

![Figure 8. Fires on the NSW Rail Network — July 2005 to June 2006](image)

A total of 120 on-train fires were reported to ITSRR in 2005–06, up from 84 in 2004–05 and consistent with an increasing trend in this type of incident over the last 10 years (Figure 9). One person was admitted to hospital as summarised previously in Table 2.

Most on-train fires occurred on passenger trains in the Sydney metropolitan area (120). Approximately 80% of these fires were vandalism-related incidents typically involving paper fires on trains or attempted lighting of seats. The increase in fires coincides with a general increase in vandalism-related incidents across the metropolitan network over the same period.

Eleven of the 120 on-train fires occurred on freight trains. All were associated with locomotive equipment faults. No injuries were reported for any of these incidents.

![Figure 9. Fires on the NSW Rail Network — 1996–97 to 2005–06](image)
3.4 Level Crossings

There are more than 3,800 level crossings in NSW and most are located in regional areas. They represent the main point of interaction between rail and road and pose a high risk for serious collisions between trains and road vehicles.

The number of collisions at level crossings is at, or close to, the lowest level observed over the last 10 years (Figure 11). There were nine collisions between trains and road vehicles in 2005–06 (Figure 10). This is lower than the count for 2004–05 (11) and consistent with a longer term decrease in these types of incidents (Figure 11). One incident (Albury) resulted in the death of the driver of the road motor vehicle and is the subject of an investigation by the ATSB.

For the second consecutive year there were no incidents involving a pedestrian being struck by a train at a level crossing.9

A contributing factor to the decrease in the number of serious collisions at level crossings is the removal of a number of crossings and the upgrading of others. Over 20 level crossings have been closed in NSW over the past few years and major upgrades were undertaken at four level crossings in 2004–05.10

The other major level crossing incident subcategory under ON–S 11 is that of equipment failure (83 in 2005–06). A breakdown of equipment failures by network is shown Figure 10. In 2005–06 the majority of incidents (67) were at crossings on the metropolitan network. Historically, (Figure 11) the number of reported incidents on the Defined Interstate Rail Network (DIRN) and “Other” locations was similar to or exceeded that for the metropolitan network. However, the number of reported incidents on the DIRN and Country Regional Network dropped sharply in 2004–05.

Figure 10. Level crossing incidents on the NSW Rail Network — July 2005 to June 2006.

In brackets are number of fatalities, serious injuries and minor injuries respectively.

9. Excludes suspected cases of suicide. 10. NSW Level Crossing Strategy Council (www.levelcrossings.nsw.gov.au). 11. Active crossing: movement of pedestrians and road vehicles actively controlled by devices such as flashing lights, bells or other audible devices, gates and barriers. Passive crossing: movement of pedestrians and road vehicles controlled by signs or devices which rely on a pedestrian or driver of road vehicle to detect the approach of a train by direct observation.
Figure 11. Level crossing incidents on the NSW Rail Network — 1996–97 to 2005–06\textsuperscript{12}

\textsuperscript{12} Excludes generic category “Other”.
### Table 3. Level crossing collisions in NSW – July 2005 to June 2006

<table>
<thead>
<tr>
<th>Date</th>
<th>Crossing Type</th>
<th>Location</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>16 August 2005</td>
<td>Active</td>
<td>Aberdeen</td>
<td>Car rolled into wagon of freight train. No injuries reported</td>
</tr>
<tr>
<td>21 October 2005</td>
<td>Passive</td>
<td>Yanco</td>
<td>High-rail driver collided with semi-trailer. No injuries reported</td>
</tr>
<tr>
<td>4 February 2006</td>
<td>Active</td>
<td>Lochinvar</td>
<td>Train struck police car in pursuit of a stolen vehicle. Two police officers jumped clear</td>
</tr>
<tr>
<td>6 April 2006</td>
<td>Passive</td>
<td>Denman</td>
<td>Freight train collided with car. Occupant of road vehicle sustained minor head injuries</td>
</tr>
<tr>
<td>4 May 2006</td>
<td>Passive</td>
<td>Wellington</td>
<td>Passenger train struck road vehicle. No injuries reported</td>
</tr>
<tr>
<td>15 May 2006</td>
<td>Active</td>
<td>Sandown</td>
<td>During shunting movement in Shell siding, freight train collided with a road vehicle. No injuries reported</td>
</tr>
<tr>
<td>31 May 2006</td>
<td>Passive</td>
<td>Bogan Gate</td>
<td>Freight train struck semi trailer. No injuries reported</td>
</tr>
<tr>
<td>5 June 2006</td>
<td>Active</td>
<td>Albury</td>
<td>Country passenger train struck road vehicle. Driver of motor vehicle deceased†</td>
</tr>
<tr>
<td>23 June 2006</td>
<td>Active</td>
<td>Berry</td>
<td>Passenger train collided with road vehicle which entered the crossing after warning signals activated. Passenger of road vehicle taken to hospital</td>
</tr>
</tbody>
</table>

* High-rail - A vehicle capable of running on road and rail. Generally these are standard road vehicles which have been fitted with a pair of flanged rail wheels on the front and rear (Australasian Railway Association website)

† Subject of an investigation by the Australian Transport Safety Bureau
Most of the rail safety incidents reported to ITSRR each year do not result in an adverse outcome such as injury or damage. Many of these incidents are precursor events — an event which could, under specific circumstances, lead to a serious incident. This section summarises four of the main precursor event categories.

Assessing the current level of precursor events in relation to historical data is difficult because the historical record of precursor events is particularly sensitive to changes in reporting practice and definition. By their nature, precursor events are often indirectly related to serious incidents and their importance as contributing factors to accidents has only emerged over time through findings from accident investigation and modelling of safety risks.

4.1 proceed authority irregularities

In NSW there are five different systems used to manage the movement of rail traffic in a way that ensures adequate separation of trains and prevents conflicting movement. An integral part of each of these systems is a means to authorise the movement of a train from one section of track to another.

For the Sydney metropolitan area, the surrounding inter–urban network and the majority of the DIRN, the authority to proceed is given by a signal indication. For much of the Country Regional Network and the western section of the DIRN, an authority to proceed is given via possession of some form of token (e.g. metal rod or staff) or the issue of a written or verbal authority.

Signals Passed at Danger (SPAD)

The national incident classification scheme has five SPAD subcategories. The two most important subcategories in terms of collision risk are Driver Misjudged and Completely Missed While Running. Typically, the information provided in an initial incident notification is not sufficient to determine the exact circumstances leading to each SPAD or the correct ON– S1 subcategory. For this reason, the two SPAD subcategories are combined as Driver Error in Figures 12 and 13.

There were 202 SPADs involving driver error in 2005–06 (Figure 12). Gauging current performance in relation to the historical record (Figure 13) is difficult because the historical SPAD incident record is affected by changes in reporting definitions and practices. For example, the sharp rise in the number of SPADs from 2003–04 (Figure 13) coincided with a change in the method of assessing and reporting by RailCorp. The number of SPADs in NSW for 2005–06 was consistent with the annual count since the change in SPAD reporting.

The number of SPADs (alone) provides little indication of the actual risk posed by incidents of this type. This is because the actual risk of collision following a SPAD depends on many factors including whether the signal is equipped with engineering defences which automatically stop a train passing a red signal, whether the train travelled into another section and whether that section was occupied. Of the 295 incidents reported by RailCorp in 2004–05, none were assessed as severe.

The other principle type of SPAD reported on the NSW network is Restored as Train Approached (Figure 12). These incidents involve a signal indication changing from proceed to stop as a train approaches, with insufficient time given to the driver to stop the train.

Restored as Train Approached SPADs are associated with signaliser error or irregularities in maintenance procedures. They are not considered a significant contributor to train to train collisions as the route ahead of the signal will be set for the train. However, they still pose a safety hazard because rapid deceleration associated with emergency braking may cause load shifts on freight trains or falls on passenger trains.

13. There is another series of systems to authorise train movements at times when the normal systems of Safeworking are not available. 14. ITSRR is working with accredited operators to ensure that classification of SPADs is updated to reflect the findings of subsequent SPAD investigations. 15. Information drawn from RailCorp Annual Report 2003–04. 16. Information drawn from RailCorp Annual Report 2004–05.
Proceed authority exceeded

There were 12 reports of train drivers exceeding the limit of their authorised movement under non–signalled systems of Safeworking. Six of these were classified as Completely Missed and six as Driver Misjudged which is consistent with the historical record (Figure 13).

**Figure 12.** Signals Passed at Danger and proceed authority exceedance on the NSW Rail Network — July 2005 to June 2006.

*Incidents reported by all operators*

**Figure 13.** Signals Passed at Danger and proceed authority exceedance on the NSW Rail Network — 1996–97 to 2005–06.

*“Additional Reports” refers to incidents reported directly by small operators (available for recent years)*
4.2 Signal and Track Irregularities

**Signal Irregularities**

There are two subcategories of signal irregularity under the national classification scheme — *Wrong Side Failure and Other*. *Wrong Side Failure* is the higher risk subcategory, comprising faults which result in the signal displaying a less restrictive aspect than required, for example, showing a “proceed” indication when a “stop” is required. There were four signal wrong side failures on the NSW network in 2005–06 (Figure 14) which is close to the lowest observed over the last 10 years.

The historical record of *Signal Irregularity–Other* has been affected by changes in reporting practices (Figure 15). The number of reported incidents approximately doubled in 2003–04, at the same time as the aforementioned jump in SPAD related incidents (Figure 13).

There were 67 *Signal Irregularity–Other* incidents reported in 2005–06 which is consistent with the recent historical record. These comprise a range of faults that do not lead to a wrong side failure. These are generally low risk incidents as long as systems and procedures governing train movements at times of signal failure are adequate.17

---

17. The Glenbrook Rail Accident was attributed, in part, to deficiencies in procedure and training related to movement of trains following a signal failure.

---

**Figure 14.** Track and signal irregularities on the NSW Rail Network — July 2005 to June 2006. Signal WSF is Signal Wrong Side Failure. Buckled Track includes misalignments.
Track irregularities

Track condition is an important indicator of rail safety because track-related defects may lead to more serious incidents, for example, a broken rail causing a train derailment.

The largest number of track irregularities in 2005–06 was associated with buckled track (Figure 14). This subcategory encompasses a range of defects including rail misalignment, other track geometry defects and a range of irregularities reported by train drivers, whether actual faults are found or not. There were 233 buckled track incidents in 2005–06 which is consistent with the recent historical record (Figure 15). The incident rate (per track kilometre) was comparable between the three networks.

There were 147 broken rails reported in 2005–06. This was lower than 2004–05 (168) and consistent with a decrease since a peak in 2001–02 (Figure 15). The majority of broken rails occurred on the Defined Interstate Rail Network (DIRN) and the incident rate (broken rail per track kilometre) was higher on the DIRN compared to other networks.19

The subcategory Points Irregularity covers a range of defects including misaligned or broken components as well as damage caused by external agents. The number of point failures in 2005–06 was the highest on record (Figure 15) but was associated with an extremely large number of reported defects on the Sydney metropolitan network in March (28 defects) and April 2006 (23 defects).

There were only two reports of spread track in 2005–06 (Figure 14). These incidents involve rails spreading beyond a tolerable limit and are generally associated with deteriorating timber sleepers. This type of defect may only become apparent when a train passing over the affected track forces the rails apart. There were more than 100 other incidents in ITSRR’s database which make reference to spread track. In the majority of cases the spread track was a contributing factor to a derailment.

---

Figure 15. Track and signal irregularities on the NSW Rail Network — 1996–97 to 2005–06.

Buckled Track includes misalignments. “Additional Reports” refers to incidents reported directly by small operators (available for recent years).

---

18. The statistics for track irregularities have changed from those reported previously because these incidents now include all reports of track irregularities, not just those leading to the imposition of a speed limit or other operating restriction. 19. The allocation of each incident to a network is based on the location name as supplied in the incident notification. The location name does not always correspond to the exact location of an incident.
4.3 rolling stock irregularities

Rolling stock irregularities are a precursor to collisions and derailments. For example, a derailment of the XPT passenger service at Harden in February 2006 was caused by a broken axle on the power car.

The largest number of rolling stock irregularities in 2005–06 was associated with brake faults (480 in 2005–06; Figure 16). Most incidents were associated with passenger trains (286) but the incident rate (considering the total number of passenger and freight train kilometres travelled) was higher for freight trains. Under ON–S1, brake faults covers a wide range of incidents including component failure (sticking brakes) as well as crew and vandalism–related incidents, for example, interference with handbrakes. Further, the majority of wheel–related incidents in 2005–06 (97) comprised wheel flats and wheel scale which will often have a brake–related cause. For this reason they are combined in the historical record (Figure 17).

The other major rolling stock fault was faulty passenger doors (440 in 2005–06). Again, gauging current performance by comparison to historical data is of limited value because such incidents were generally not reported prior to 2000 (Figure 17). Door failures are the most common type of failure reported for Sydney’s metropolitan passenger trains. In recent years, RailCorp has implemented a number of initiatives to reduce the rate of door failure. The number of incidents in 2005–06 was similar to the previous two years but the failure rate is expected to improve in 2006–07.

The number of train parting incidents (79) was comparable to the historical record. All of these incidents involved freight trains and approximately 95% of these incidents were associated with faulty couplers.

Figure 16. Rolling stock irregularities on the NSW Rail Network — July 2005 to June 2006
4.4 Load Irregularities

Load irregularities are important precursor events to a range of hazardous incidents. Loads that shift in transit may protrude from wagons and pose a collision hazard for passing trains or infrastructure. Loads spilt on or near to tracks may cause derailments or, in the case of liquids, may lead to slippery rails and a loss of traction.

A summary of load irregularity incidents in 2005–06 is shown in Figure 18. These incidents are associated with freight operations and most occurred on the Defined Interstate Rail Network (DIRN) and Country Regional Network which carry the majority of freight traffic.

The most common type of load irregularity incident in 2005–06 was Door Open (111). These incidents have various causes including vandalism, faulty door fittings and load shifts. A subset of these incidents involved swinging doors which are an important precursor to train collisions — three train to train collisions in 2005–06 were caused by swinging doors (Section 3.1). The number of door open incidents in 2005–06 was higher than previous years (Figure 19) but this is due to the additional operator records added since the start of 2004.

The other major type of load irregularity was load shift (56 in 2005–06). Shifting loads arise through various causes including fastening failures and improper fastening of loads, vandalism and rough riding (due to track condition). Load shifts are also a precursor event to out of gauge loads so there is potential overlap between the subcategories Load Shift and Out of Gauge. The number of incidents for both subcategories was high relative to the historical record, but this reflects the inclusion of additional incident reports from 2004.

The two remaining types of load irregularity shown in Figure 18 (Lashings Loose and Loading/Unloading Problems) are not specifically categorised under ON–S1. Both fall under the ON–S1 subcategory Loading Irregularity—Other, the count of which for 2005–06 was comparable to the historical record (Figure 19).
Figure 18. Load irregularities on the NSW Rail Network — July 2005 to June 2006.

Figure 19. Loading irregularities on the NSW Rail Network — 1996–97 to 2005–06.

"Additional Reports” refers to incidents reported directly by small operators (available for recent years)
5. drug and alcohol testing

The requirement for railway operators to conduct drug and alcohol testing of employees involved in railway safety work was introduced in the Rail Safety Act 2002 and further developed under the Rail Safety (Drug and Alcohol Testing) Regulation 2003.

The Rail Safety Act 2002 requires all accredited operators to have formal drug and alcohol programs in place that comply with the program Guidelines. The specific nature of a program will vary according to the size and nature of an organisation’s operation. As a minimum, programs are to include education, testing and assistance with rehabilitation for affected employees. Testing may include random, targeted and post–incident testing.

Railway operators have a number of reporting requirements in relation to drug and alcohol programs. In particular, from 1 July 2004, all operators are required to notify ITSRR of positive test results as well as any instance where an employee refused to undergo testing.

Medium to large railway operators are also required to submit quarterly summaries of testing activity to ITSRR. These extra requirements do not apply to most tourist and heritage operators and some other small operators.

Program activity

Approximately three quarters of the accredited railway operators in NSW who are required to submit quarterly summaries of testing activity in 2005–06 had done so at the time of writing.

From quarterly activity statements received at the time of writing, at least 35,000 alcohol and 5,500 drug tests of rail safety workers had been conducted during 2005–06. Based on current rate of testing and number of returns yet to be received, the final number of alcohol and drug tests in 2005–06 is likely to exceed the corresponding final 2004–05 figures by at least 30%.

As well as self–testing by accredited organisations, ITSRR also undertook drug and alcohol testing of rail safety workers on four separate occasions in 2005–06. This resulted in 220 random and 2 for–cause alcohol tests and 21 random drug tests.

Table 4. Drug and alcohol testing results — July 2005 to June 2006

<table>
<thead>
<tr>
<th>Description</th>
<th>Alcohol</th>
<th>Drug</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of organisations testing</td>
<td>34</td>
<td>27</td>
</tr>
<tr>
<td>Approximate random component</td>
<td>95%</td>
<td>95%</td>
</tr>
<tr>
<td>Overall detection rate†</td>
<td>0.4%</td>
<td>2.6%</td>
</tr>
<tr>
<td>Median organisation detection Rate§</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Number of organisations reporting no positive result for year</td>
<td>23</td>
<td>14</td>
</tr>
<tr>
<td>organisations reporting exactly 1 positive result for year</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Number of organisations reporting more than 1 positive result for year</td>
<td>7</td>
<td>8</td>
</tr>
</tbody>
</table>

Table 4 presents summary statistics for 2005–06. It is based on quarterly returns, which only summarise testing activity and do not provide detailed breakdowns in relation to positive test results, for example, positive test results by type of test.

The overall detection rate — the percentage of total tests that yielded a positive result — was higher for drugs (2.6%) than for alcohol (0.4%). Cannabis was the most common drug associated with positive drug tests. The overall test rate is not representative of the general railway safety worker population because it includes results of non–random testing. Non–random testing yields relatively high rates of detection because it includes for–cause testing — testing conducted on the basis that there is reason to believe an individual could be affected by drugs or alcohol.

The overall detection rate is also sensitive to the influence of larger operators (who conduct the majority of tests) and any organisation reporting anomalous results. Table 4 includes a summary of detection rates on an operator basis. It shows that approximately 70% of operators testing for alcohol and 50% of operators testing for drugs did not return a positive result in 2005–06.
2.3 annual transport reliability report

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The Transport Industry Overview on pages 109-122 also provides information about the rail, bus and ferry sectors as context for this report.
Reliability performance standards are set by Government. They are included in the performance agreements in place for rail infrastructure, CityRail and CountryLink services and bus and ferry services. The standards in place in 2005-06 were the same as for 2004-05 with the exception of a change to the CityRail suburban on-time running tolerance. On 1 July 2005, this changed from 3 minutes 59 seconds to 5 minutes.

The scale of the transport task covered by the agreements and Government funding is illustrated in Table 1.1.

### Table 1.1  NSW Government funding and transport task 2005-06

<table>
<thead>
<tr>
<th>Main task</th>
<th>Payments from Government</th>
</tr>
</thead>
<tbody>
<tr>
<td>RailCorp – CityRail</td>
<td>Urban rail transit 273.7m passengers (a) $1313m</td>
</tr>
<tr>
<td>RailCorp – CountryLink</td>
<td>Long distance rail passenger 1.6m passengers (b)</td>
</tr>
<tr>
<td>Rail Infrastructure Corporation</td>
<td>Provision of 3110km country regional track for freight and passenger trains $138m</td>
</tr>
<tr>
<td>State Transit – Sydney Buses and Newcastle Services</td>
<td>Urban transit bus 200.4m passengers (c) $257m</td>
</tr>
<tr>
<td>Private bus (d)</td>
<td>35m (estimated) urban transit $485m</td>
</tr>
<tr>
<td>Sydney Ferries Corporation</td>
<td>Ferry 14m passengers on Sydney Harbour $43m</td>
</tr>
</tbody>
</table>

(a) Includes CountryLink, excluding capital.
(b) Included in RailCorp CityRail.
(c) Passenger numbers are those reported to the Ministry of Transport under the Funding Agreement. Note that this is different to the boarding data reported to the Ministry under bus contract arrangements (see note (d) below).
(d) Private bus passenger numbers estimated from 8 month average of boardings as reported to the Ministry of Transport under bus contract arrangements and included in the Ministry’s submission to the Independent Pricing and Regulatory Tribunal. This is based on boardings and excluded School Student Transport Scheme (SSTS) riders. Hence it is not comparable to the STA figure reported in this table – the comparable STA figure is around 100m.

Sources: 2005-06 task and payments from Budget Paper No. 3, 2006-07. Reports from transport service providers to the Ministry of Transport.

The following sections deal with performance against these standards:

2. **Rail**
3. **Bus**
4. **Ferries**
5. **Transport Coordination**.

Summary and conclusions are presented in section 6.
Reliability performance standards in place for RailCorp’s CityRail and CountryLink passenger train services are covered by the Rail Performance Agreement and the CityRail Customer Commitment. Also, there are standards in place for Rail Infrastructure Corporation’s (RIC’s) rail infrastructure on the Country Regional Network under the relevant Funding Agreement with the Ministry of Transport.

### RailCorp

#### The Rail Performance Agreement

The Rail Performance Agreement is between the Minister for Transport and RailCorp. It covers reliability standards for CityRail and its services and Metropolitan Rail Area network infrastructure.

The Rail Performance Agreement operative in 2005-06 was the same as for 2004-05. It seeks three outcomes from the system operated by RailCorp which align with the legislative objectives set for RailCorp:

1. Clean, safe, secure and reliable railway passenger services in NSW provided in an efficient, effective and financially responsible manner. Although safety remains paramount, a priority is to return reliability of CityRail services to acceptable levels;

2. For that part of the NSW rail network vested in or owned by RailCorp, RailCorp is to enable the effective provision of safe and reliable passenger and freight services; and

3. Organisational capability and culture necessary for responsible management, a strong safety culture and a commitment to excellent customer service.

Outcome area 1; clean, safe and reliable services, relates to CityRail and CountryLink. Outcome area 2 relates to the Metropolitan Rail Area network. Outcome area 3; organisational capability etc., relates to internal rail matters and is of lesser interest in this Report.

In each of the outcome areas there are performance indicators. For most of these indicators, targets are set. RailCorp provides monthly reports on performance to the Ministry of Transport. These form the basis for most of the comments below.

### Rail services

#### CityRail

RailCorp reports on matters under the headings of reliability (operational performance), secure environment, customer service and capacity-demand matching.

#### Operational performance

As noted in last year’s Report, the performance indicators in the Agreement embody a more narrow definition of reliability than in ITSRR’s legislation.¹ The Agreement refers to operational performance measures such as service cancellations, skipped stops and on-time running. Results for 2005-06 are shown in Table 2.1.

---

¹ Legislation for ITSRR, the Transport Administration Act (1988) s.42 defines reliability as:

“quality, effectiveness and efficiency of the service, having regard to the following matters:

(a) management and administration of infrastructure, assets, resources and liabilities,

(b) fulfilment of obligations under contracts and arrangements relating to the provision of services, including timeliness and quality of services,

(c) any other matters prescribed by the regulations.”
In the last two years, ITSRR’s Transport Reliability Reports highlighted poor on-time running as a key issue for CityRail. In 2005-06 there was a substantial improvement in this aspect of performance. This is shown in Figure 2.1.

A new definition of the margin of on-time running was introduced on 1 July 2005. This increased the margin for suburban trains from 3 minutes 59 seconds to 5 minutes i.e. by around 1 minute. The new 5 minute margin was adopted by the Government following consideration of a review by ITSRR regarding CityRail on-time running.

ITSRR’s review noted the relevance of the interplay between 3 aspects of the on-time running target: the % factor, the margin and the definition of peak hours. It concluded that the reason for the selection of 92% was unclear. When combined with the (then) 3 minute 59 second margin for suburban trains, the target was most aggressive by national and international standards, in comparison with historical performance, and given the then timetable. In any event, the change in the margin accounts for only a small proportion of the observed improvement in operational performance in 2005-06, as can be seen in Figure 2.1 by comparing results July – September 2005 (new margin, “old” timetable) with September – June 2006 (new margin, “new” timetable).

A most substantial improvement in on-time running occurred alongside the introduction of new CityRail timetables in 2005-06. The timetables for Sector 2 and 3 (North, West and South West) were introduced in September 2005, and for Sector 1 (Eastern Suburbs, Illawarra) in May 2006.

As was the case for 2004-05, RailCorp provided the Ministry of Transport with more detailed statistics relating to operational performance, in particular data relating to “incidents”. Reported incidents declined substantially with the new timetable, resulting in the improvement in on-time running, as can be seen in Figure 2.1.

The new timetable involved both a reduction and a scheduled slowing in services, as well as introducing greater consistency in stopping patterns.

Service reductions included some 257 off-peak services, largely in the period between the defined AM and PM peaks. This is roughly 11% of off-peak weekday services. It was expected that this would minimise the transmission of delays into the PM peak.

All services were slowed, by an average of between three and six minutes on a 60 minute journey. This reflected longer average station stopping times and increased margins for recovery of time en route. There also were some changes in stopping patterns and in routes that added to point to point travel times.

Some 13 peak services, 3% of total peak services, also were deleted from the timetable. RailCorp advises that this was due primarily to a shortage of rollingstock. This arose from the slower running of trains.

---

### Table 2.1 CityRail operational performance 2005-06

<table>
<thead>
<tr>
<th>Service Type</th>
<th>Target</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peak hours timetabled services cancelled</td>
<td>1%</td>
<td>1.0%</td>
</tr>
<tr>
<td>Peak hours stops skipped</td>
<td>1%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Metropolitan on-time running</td>
<td>92% to within 5 minutes</td>
<td>88.5%</td>
</tr>
<tr>
<td>Intercity on-time running</td>
<td>92% to within 6 minutes</td>
<td>89.4%</td>
</tr>
<tr>
<td>CityRail on-time running</td>
<td>92%</td>
<td>88.6%</td>
</tr>
</tbody>
</table>

Source: RailCorp reports to the Ministry of Transport.

---

2. Review of on-time running of CityRail services, June 2004 (available on the ITSRR website).
3. There also were some minor changes to the Sector 2 and Sector 3 timetables in May 2006.
4. The actual slowing in transit times for passengers is likely to be less than scheduled given the existence of delays prior to the introduction of the timetable.
5. RailCorp’s submission to the IPART Determination of CityRail Fares, April 2006.
6. For example for Campbelltown/Macarthur services on the Airport-East Hills line.
Monthly peak on-time running: CityRail

Figure 2.1 CityRail — on-time running
There is a trade-off between service levels and operational performance for a given transport network and level of resources. The new timetable uses the trade-off and places greater weight on CityRail achieving strong operational performance.

To assess the impact on passengers, shortly after the introduction of the timetable for Sectors 2 and 3, ITSRR conducted a survey of CityRail customers. In previous ITSRR surveys, customers had identified improvements in operational performance as the top priority for CityRail.

The post-timetable survey found improvements in the perceptions of passengers about punctuality, delays, cancellations and train frequency. There were also improvements in perceptions about other aspects of service including travel time and crowding. There were substantial increases in the proportion of customers whose expectations were met and decreases in proportions of customers whose expectations were not met.

With the improvement in operational performance and planned increase in investment in fleet, the Government requested the Independent Pricing and Regulatory Tribunal (IPART) to make a new determination for CityRail fares. The process of this determination included submissions by RailCorp, public consultation and hearings. IPART received a large number of submissions from members of the public and organisations, most of which were critical of the proposals for fare increases, including the proposed increase in off-peak fares, and the relationship between transport policy, fares and service quality.

ITSRR’s role focuses on service quality rather than fares; however, it does have an interest in the types of service matters raised in submissions to IPART. Among the principal issues identified was the increase in transit time and reduction in services under the new timetable. IPART did not attempt to assess the operational performance-service level trade-off. Of the submissions presented to IPART, only ITSRR’s, which was based on the Survey, provided qualitative information related to the system wide trade-off.

As part of its general research, RailCorp for some years has undertaken assessments of the relative importance to CityRail customers of a number of aspects of service quality, including running to schedule and transit time. This research is relevant to the service level-operational performance trade-off. Very broadly, RailCorp estimates imply that on average customers consider that they would be slightly better off if unexpected delays could be reduced by 1 minute even if it was necessary to slow their timetabled train by 3 minutes to achieve this. Comparisons along these lines are difficult to make due to a number of factors, for example, lack of data regarding CityRail customer delays. However, some research has been undertaken suggesting that the timetable has resulted in an overall benefit to passengers.

Last year’s Annual Transport Reliability Report highlighted the Rail Clearways Plan, which is being implemented to improve CityRail reliability and capacity with measurable improvements from 2008. RailCorp advises that it intends to establish a new timetable in 2008 for the opening of the Epping to Chatswood rail line which is integral to the Clearways Plan. A timetable to capture the benefits of all Clearways projects is to be introduced in 2011.

Secure environment and customer service

ITSRR’s surveys of CityRail customers have found that the secure environment and customer service aspects were more likely to meet customer expectations than reliability and crowding.

The Rail Performance Agreement’s indicators on “secure environment” include offences against persons (e.g. assault or robbery) and vandalism. The data shows the decline in offences against persons, which coincided with the introduction of Transit Officers onto the network, continued into the early months of 2005-06. While there appeared to be some flattening out and even an increase in the middle of 2005-06, the statistics showed a further decline towards the end of the year. The results for the 2005-06 year as a whole were slightly below those for 2004-05.

Customer service indicators include availability of ticket machines, public address systems, closed circuit television (CCTV) and help points. As was the case for 2004-05 all measures are within or very close to current targets — as shown in Table 2.2. As ITSRR pointed out last year, some care needs to be used in interpreting figures such as shown in this Table as they do not capture customer experience.

ITSRR did raise with RailCorp questions regarding the reported results for PA systems on trains. These systems may have a safety function and as such it is important that management is aware of their performance. RailCorp’s management reviewed the situation and a survey of en route performance was undertaken. This matter is now being addressed under the rail safety regulatory framework. Reporting under the Rail Performance Agreement, however, remained unchanged.

Capacity-demand matching

Capacity relates to service provision, and demand to passenger numbers. The indicators dealing with the matching of capacity and demand relate to crowding. Crowding continues to be rated by customer respondents to ITSRR surveys as one of the more important issues.

In last year’s Transport Reliability Report, ITSRR alluded to the potential impact on patronage of a change in petrol prices in 2005-06. The Government released comparisons claiming substantial financial savings from the use of public transport in the new environment of higher petrol prices.13

In the event, total estimated patronage increased, although growth was around 1.2% for the year as a whole – patronage recovered to around the levels of early 2004. This is shown in Figure 2.2. RailCorp expects future patronage growth to average around 1.4% pa.14

### Table 2.2 Passenger facilities available 2005-06

<table>
<thead>
<tr>
<th>Facility</th>
<th>Target</th>
<th>RailCorp’s reported performance (a)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CityRail ticketing systems</td>
<td>98.5%</td>
<td>99.4%</td>
</tr>
<tr>
<td>CCTV availability</td>
<td>99.0%</td>
<td>99.1%</td>
</tr>
<tr>
<td>Help point availability</td>
<td>99.0%</td>
<td>99.4%</td>
</tr>
<tr>
<td>PA systems on trains</td>
<td>99.0%</td>
<td>99.1%</td>
</tr>
</tbody>
</table>

(a) Year to May 2006. Report for June 2006 indicates all measures exceed targets for that month.

Source: RailCorp reports to the Ministry of Transport.

Figure 2.2 CityRail patronage

Source: CityRail website.

13. A comparison table is available from the CityRail website. 14. RailCorp’s submission to the IPART Determination of CityRail Fares, April 2006.
The implication of slower and fewer services under the new timetable is a reduction in nominal CityRail capacity in 2005-06.15

The Rail Performance Agreement does not specify the number of train services to operate or capacity on particular lines. This is unlike previous arrangements for CityRail, and places greater importance on crowding indicators for service planning.

The Agreement’s standards for crowding include that only 5 percent of peak period train services should have a load factor of more than 135 percent, i.e. crowding is a load greater than 135 percent.16 CityRail measures train loads by surveys conducted in September and March at the CBD cordon and other selected stations. Results for the last few years are shown in Figure 2.3.

![Bar chart showing % of peak hours trains with load exceeding 135%](image)

**Figure 2.3 CityRail on-board crowding**

Source: RailCorp July 2006.

Measured crowding fell with the introduction of the new timetable in September 2005. It might be expected that service reductions under this timetable would have led to increased train loads. However, it has been suggested that improved punctuality under the timetable allows passengers to spread more evenly among trains, minimising crowding. The result is consistent with this suggestion.

The crowding measure then increased in March 2006. Figure 2.3 also shows that the crowding target of 5%, has not been achieved for several years.

Beyond this, the 2004-05 Transport Reliability Report highlighted an apparent paradox – a reported decline in overall patronage but an increase in the number of crowded trains. This type of effect continued in 2005-06, where there was an increase in passenger numbers but a decrease in crowding. ITSRR discussed these matters with RailCorp and the Ministry of Transport during 2005-06. RailCorp indicated that the number of CBD bound passengers had increased. A number of issues emerged from these discussions such as the way in which patronage is measured and the desirability of synthesising or harmonising patronage estimates from the various sources of ticket sales, barrier counts and surveys.

A further issue that emerged is the definition of the morning and evening peak periods. It appears that the times of these peaks are not fully congruent with the formal definition of the peaks.17 Of note in this regard is that the March 2006 train load survey indicated that a number of trains operating outside of the peaks had loads in excess of the crowding standard. Moreover, there were no trains with loads in excess of the crowding standard in the first hour of the peaks.

Clearly these are most significant issues in the design of services to improve service quality.

15. Nominal capacity relates to the potential for the system to deal with a “passenger task” (number of passengers and transit times). Measures of actual capacity would need to take into account the reliability at which this task can be performed e.g. if there are delays, actual capacity would be less than nominal capacity. 16. The indicator referred to in reports under the Rail Performance Agreement is “percentage of Peak CityRail suburban trains at a load factor above 135%” and where there was no alternative train within 15 minutes”. The target is 5% by 2008. The reference to peak hours in this indicator reflects the likelihood that these will be the more crowded trains. 17. This matter was noted in ITSRR’s On-time Running Report 2004, June 2004 (available at the ITSRR website).
Complaints handling

Customer complaints are potentially an important source of information about perceptions of CityRail services. Table 2.3 provides a summary for the number of complaints and time taken by RailCorp to respond in 2005-06.

In 2005-06 complaints decreased by 24 percent compared with 2004-05. The overwhelming reason for this was the fall in complaints about on-time running, some 494 per month or 60 percent below that for 2004-05. Complaints in most other categories declined or remained stable, except for complaints about service, which increased 5 percent, and about the timetable. These results, and the decrease in complaints on nearly all lines, reflect CityRail’s performance in the year.

Times taken to respond to customers decreased on average due to faster turn-around of complaints made via the 131 500 Transport Infoline where most complaints are made.

Table 2.3  Complaints and complaint resolution, CityRail 2005-06

<table>
<thead>
<tr>
<th>Topic</th>
<th>Number of complaints</th>
</tr>
</thead>
<tbody>
<tr>
<td>on-time running</td>
<td>417</td>
</tr>
<tr>
<td>timetable</td>
<td>177</td>
</tr>
<tr>
<td>service</td>
<td>220</td>
</tr>
<tr>
<td>about staff</td>
<td>267</td>
</tr>
<tr>
<td>information</td>
<td>165</td>
</tr>
<tr>
<td>ticketing</td>
<td>178</td>
</tr>
<tr>
<td>safety and security</td>
<td>212</td>
</tr>
<tr>
<td>cleanliness and facilities</td>
<td>208</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1913</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Close with customer</th>
<th>Average days to resolution (a)</th>
</tr>
</thead>
<tbody>
<tr>
<td>phone</td>
<td>1.6</td>
</tr>
<tr>
<td>letter</td>
<td>8.4</td>
</tr>
<tr>
<td>web</td>
<td>3.6</td>
</tr>
</tbody>
</table>

(a) Compares with Customer Services Commitment standards of 5 days for following up customer complaints by phone, and 21 days for responding to letters.

Sources: RailCorp reports to the Ministry of Transport, CityRail Customer Complaints Report to ITSRR.
CountryLink

The declining trend in CountryLink patronage continued in 2005-06, with a fall of 1.6 percent compared with 2004-05. There were no major operational changes in 2005-06. In late September, the Government announced a number of changes for CountryLink including changes to bookings, new fares, and refurbishment of XPT carriages.18

Although CountryLink operates coaches which carry over 500,000 passengers, or around 30 percent of total patronage, on-time running is reported by RailCorp for CountryLink train services only. Table 2.4 shows that on-time running (to 10 minutes) averaged 76 percent in the year. There was considerable variation in on-time running between the different services with the Sydney–Melbourne XPT attaining only 59 percent. There was also considerable variation between months with a low of 60 percent in February 2006 and a high of 87 percent in August 2005.

<table>
<thead>
<tr>
<th>Table 2.4</th>
<th>CountryLink train on-time running 2005-06</th>
</tr>
</thead>
<tbody>
<tr>
<td>CountryLink service regions</td>
<td>Performance to 10 minutes</td>
</tr>
<tr>
<td>North Coast</td>
<td>82.5</td>
</tr>
<tr>
<td>North-west</td>
<td>73.1</td>
</tr>
<tr>
<td>West</td>
<td>79.4</td>
</tr>
<tr>
<td>South</td>
<td>59.0</td>
</tr>
<tr>
<td>Canberra/Griffith</td>
<td>80.5</td>
</tr>
</tbody>
</table>

Source: RailCorp August 2006.

On 9 February 2006 a CountryLink XPT train sustained a broken axle and derailed near Harden NSW. Following this, all XPTs were removed from service and all wheels and axles were checked. Services were progressively reintroduced from 16 February and services were back in operation by 6 March. The derailment is under investigation by the Australian Transport Safety Bureau.

There were 2578 complaints to CountryLink during the year. This represents a 52 percent increase in complaints compared with the number reported to ITSRR for the 2004-05 Transport Reliability Report. One third of the complaints related to the quality and level of service and nearly one quarter related to ticketing. Ticketing complaints showed a large increase in October and there remained substantially higher levels of complaints after that time – the increase was dominated by ticketing and service issues.

Indicators of call centre performance bookings for CountryLink are shown in Table 2.5. These remained broadly similar to the levels for 2004-05, although a smaller percentage of calls were lost.

<table>
<thead>
<tr>
<th>Table 2.5</th>
<th>CountryLink bookings – Call Centre performance (a)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Call waiting average seconds</td>
<td>33</td>
</tr>
<tr>
<td>Call duration average seconds</td>
<td>166</td>
</tr>
<tr>
<td>Percentage of calls not answered (b)</td>
<td>3.0%</td>
</tr>
</tbody>
</table>

(a) New indicators for Call Centres were provided by RailCorp during 2005-06.
(b) Calls received to calls lost.
Source: RailCorp August 2006.

Metropolitan Rail Area network

A number of infrastructure indicators are called up by the Rail Performance Agreement for the Metropolitan Rail Area (MRA). While the Agreement does not set standards or targets for these, some targets are set within RailCorp. Infrastructure incidents that may cause train delays include failures in signalling equipment and track faults. In some cases, temporary speed restrictions are imposed due to track condition and these may also result in train delays.

Increased attention has been paid to infrastructure maintenance and renewal work on the MRA since the Sydney 2000 Olympic Games. As shown in Figure 2.4 in 2005-06 the number of infrastructure incidents causing delays to peak trains reduced significantly to come within RailCorp’s targets. At least part of this reduction could be attributed to the new timetable introduced in September 2005 which has more built-in recovery time for incidents before they start causing delays. However, since September 2005 the number of infrastructure incidents has been fluctuating around the target. This indicates that despite clear improvements due to increased infrastructure maintenance and renewal, the network condition is still “fragile” and the increased maintenance effort will need to continue for acceptable performance to be sustained.

MRA condition indicators

RailCorp reports a number of condition-related indicators to the Ministry of Transport in the Rail Performance Agreement. RailCorp also provides to ITSRR monthly Infrastructure Performance reports which are more detailed than the reports provided to the Ministry of Transport.

ITSRR examines these indicators and a larger range of more specific reports in advising Government about current condition and future prospects. A key element in this is major periodic maintenance (MPM) works. MPM covers aspects such as sleeper renewal, contact wire renewal, ballast depth and drainage improvement. The aim of the MPM program is to prevent premature deterioration and life expiry of rail infrastructure and ensure that the network continues to operate at design levels.

Overall, subject to some qualifications, there has been an improvement in the condition of infrastructure, with the increased level of MPM work over the past few years being a likely contributing factor. As shown in Fig 2.4 there also has been an improvement apparent since late 2004 in the number of infrastructure incidents causing delays.

Figure 2.4 Metropolitan Rail Area network: Infrastructure incidents — July 2004 to June 2006
Other Metropolitan Rail Area issues

The MRA is used by passenger trains and by freight trains. During 2005-06 ITSRR completed its review of the impact of freight incidents on CityRail. The central issues were the extent to which freight train delays resulted in delays to CityRail passenger services and what could be done to mitigate any impacts.

ITSRR’s reports found that while freight incidents play only a minor overall role in CityRail peak on-time running, particular incidents can cause considerable inconvenience to CityRail customers from time to time.

Important context for consideration of the issues includes the pivotal role of the MRA to the national freight task, expected growth in freight, the need for cooperation between RailCorp and freight train operators and the commercial relationships between those parties. The Government’s establishment of RailCorp as a single point of accountability for the network has important implications for the leadership needed to address any issues that might arise.

Fleet

ITSRR also monitors the performance of CityRail’s fleet. RailCorp provided some reports to the Ministry on fleet performance reliability, including mechanical failure rates and incidents.

Figure 2.5 shows CityRail fleet incidents over the medium term – it is analogous to Figure 2.1. However, it does show a substantial rise occurring in late 2003 and early 2004. There has been a significant reduction following the introduction of the new timetables, however, failure rates for most fleet types continue to remain above RailCorp’s internal targets.

RailCorp has a number of programs that aim to deal with specific recurring problems with doors, brakes, traction systems and communications. Late in the year, an internal RailCorp reorganisation saw the Passenger Fleet Maintenance area coming under the scope of the Asset Management Group.

Figure 2.5 CityRail: Fleet incidents — July 1999 to July 2006
Comments and outlook for RailCorp in 2006-07

Four major issues can be identified for RailCorp in 2006-07.

The first arises out of the Premier's announcement of the development of a NSW State Plan. This sets as a key theme for the Government the development of a blueprint for better public services, including for transport. Given the centrality of CityRail to public transport in Sydney and the submissions from the public to the IPART review of fares, the performance of RailCorp in the planning and delivery of CityRail services will be a most important influence on the success of the Plan.

The second, related to this, concerns the design of and preparation for implementing new CityRail timetables. This includes proposed changes in 2008 which will cover the Epping – Chatswood rail line. The design and preparatory work for this will need to be well underway in 2006-07. This work may need to review current practices such as the definitions of the CityRail peaks and measurement of customer delay. This is part of the challenge of understanding demand that ITSRR highlighted in the 2004-05 Transport Reliability report. The forecast of growth in demand underlines the importance of this challenge.

A third issue, freight, arises in a wider agenda. The performance and capacity of the MRA regarding freight is important from a national economic perspective and also from the State and local perspective of reducing truck movements on roads. The freight agenda encompasses national reforms sought by the Council of Australian Governments. The abutment of the MRA with the territory managed by the Commonwealth's Australian Rail Track Corporation (ARTC) calls for a careful appraisal of relevant issues by the Ministry of Transport in its policy advisory role and by RailCorp in its role as single point of MRA accountability to Government.

The fourth issue relates to ensuring that the above matters — service improvements, new timetables and freight — are addressed in a sustainable manner. Among the important matters here will be continuing maintenance of infrastructure, especially on the existing network, fleet maintenance and skill development. The aim is to ensure that a solid base for growth is developed. This is especially important in an operation the scale and extent of that run by RailCorp as a very substantial proportion of growth in demand is likely to occur on the existing network.

the Country Network and Rail Infrastructure Corporation

Framework

The Country Regional Network is financially supported by NSW under the Funding Agreement between the Ministry of Transport and the Rail Infrastructure Corporation (RIC). The Funding Agreement is intended to cover the gap between network access charges and the cost of maintaining infrastructure to acceptable standards. The Agreement provides $110 million per annum to RIC as base funding and this is the predominant source of RIC’s finance. Additional funding was provided by the Ministry to RIC in 2005-06 for Restricted lines (R-lines).

The Country Regional Network should be distinguished from the “leased network” managed by the Australian Rail Track Corporation (ARTC). The leased network comprises the interstate lines (Defined Interstate Rail Network — known as the DIRN) and Hunter Valley lines (which are primarily used for coal) and is not subject to Reliability monitoring by ITSRR.

Governance

As noted in the 2004-05 Transport Reliability Report, the Funding Agreements do not require the Government rail organisations to report to the Ministry of Transport on asset plans or asset condition. Rather they seek to focus on transport outcomes. In the case of the Country Regional Network, these outcomes relate to the availability of the network for use by certain trains and for pathing.20

Country Regional Network: Standards and results

The Funding Agreement is for 5 years. It requires RIC to provide the Ministry of Transport with quarterly reports which include temporary speed restrictions (TSRs), the availability of train paths under the Train Operating Conditions Manual as well as some other indicators, each at an aggregate level. Results for 2005-06 are in Table 2.6.

In the 2004-05 Transport Reliability Report, ITSRR highlighted concerns regarding the then poor quality of reporting from RIC to Government concerning the Country Regional Network. This continued in the early months of 2005-06; however, RIC subsequently has moved to address the issue by providing monthly reports to ITSRR on items and indicators that ITSRR’s Service Reliability Division specified.21 These reports include the scope of maintenance and renewal work being undertaken. RIC has provided ITSRR with these reports each month since March 2006. Service Reliability has also specified a range of additional indicators for quarterly and annual reporting by RIC. Collectively, this will allow ITSRR to make some assessment of the work being undertaken to ensure the sustainability of the network, although it may take some time for a more thorough determination to be made on the matter.

RIC has indicated that a number of significant works in 2005-06 have resulted in overall improvements on the Country Regional Network, including restoration or renewal of a number of bridges. The program of works proposed for 2006-07 will build on those improvements in certain areas whilst maintaining the rest of the network at the current standard. Notwithstanding this, there was a substantial increase in minutes lost due to temporary speed restrictions during the warmer months of 2005-06, although this reduced towards the end of the year.

The transport task on the Country Regional Network is measured by million gross tonne kilometres (mgtk). To some extent this is seasonal and affected by annual fluctuations in grain volumes, particularly on the R-lines. The transport task for 2005-06 was slightly below the level of 2004-05 but this is still around 5 percent more than the 5 year average. General freight and passenger mgtks increased over 2004-05 levels, while grain and minerals declined. ARTC is currently establishing a modelling capability to better forecast market demand and revenue on both the Country Regional Network as well as the leased network but this capability was not available in time to support the 2006-07 planning process. For 2006-07 it has been assumed that traffic will remain fairly stable overall.

In 2005-06 the funding available for major maintenance works on the Country Regional Network was not fully expended.

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20. Pathing refers to the use of the network by a train. Trains are permitted onto the network by train control at particular times. The location and time of entry, transit, and exit are known as a “train path”. Train operations in terms of lengths, weights, speeds etc. are set in the Train Operating Conditions manual and this affects potential paths. 21. Under the arrangements agreed by the parties, RIC owns the Country Regional Network, but the principal maintainer is ARTC. RIC retains the accountability to Government for the condition of the network and for the use of Government funds. Among the implications of this is that ARTC drafts a plan for works on the network, and RIC considers it — and if appropriate — approves the plan. ARTC collects information on network performance and implementation of the plan and reports this to RIC.
The 2004-05 Transport Reliability Report also identified some issues regarding the restricted lines (R-lines). In early 2005-06 the Government announced increased funding for works on the 11 R-lines which remain operational. The works, to take place over 3 years, were broadly outlined in terms of sleepers to be replaced, ballast and tamping activities and bridge repairs. The aim is to enable infrastructure improvements and secure the operation of the lines while the Government finalises a long term lease plan with the grain industry. In February 2006, the Minister announced that issues regarding the Australian Wheat Board and the ownership of Pacific National have meant that the Government could not then go to the market seeking expressions of interest in arrangements for the lease of grain lines.22

According to RIC and ARTC the announced funding and program is sufficient to maintain the R-lines in a “fit for purpose” condition for the next three expected harvests. In most cases the lines will have tonnage and speed restrictions and during hot summer months trains will not run during the heat of the day.

However, RIC and ARTC have highlighted that some lightly used lines are reaching a position where continuity of services can no longer be guaranteed in the long term.

Reporting by RIC to Treasury under the Statement of Corporate Intent remained broadly unchanged in 2005-06. These reports largely deal with financial data but some performance information, including aggregated measures of track quality and speed restrictions for the network, are included. The relevant information is included in Table 2.6.

### Table 2.6 Rail Infrastructure Corporation – reports to Ministry of Transport under the Funding Agreement

<table>
<thead>
<tr>
<th>Issue</th>
<th>Indicator</th>
<th>2004-05</th>
<th>2005-06</th>
</tr>
</thead>
<tbody>
<tr>
<td>Temporary speed restrictions (TSRs)</td>
<td>Time lost (minutes)</td>
<td>1269</td>
<td>1477</td>
</tr>
<tr>
<td></td>
<td>grain lines</td>
<td>1090</td>
<td>943</td>
</tr>
<tr>
<td></td>
<td>freight lines</td>
<td>471</td>
<td>405</td>
</tr>
<tr>
<td></td>
<td>passenger lines</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Train Operating Conditions Manual</td>
<td>No. waivers granted (a)</td>
<td>na</td>
<td>14</td>
</tr>
<tr>
<td>Paths</td>
<td>No. path requests unable to be granted</td>
<td>na</td>
<td>0</td>
</tr>
<tr>
<td>Gross tonne kilometres (gtk)</td>
<td>Million gtk per month</td>
<td>301</td>
<td>296</td>
</tr>
</tbody>
</table>

(a) This number is for 1 April 2004 to 30 June 2004.
Source: Rail Infrastructure Corporation Country Regional Network Funding Agreement Progress Report 1 April to 30 June 2006.

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ARTC leased network standards and results

The lease requires ARTC to provide an Annual Condition Report on Defined Interstate Rail Network (DIRN) and Hunter Valley lines to RIC. This Condition Report covers a number of indicators. ARTC has provided RIC with two reports; one for 2004-05 and one for 2005-06. These show compliance with virtually all terms and performance indicators under the lease, with the exception of transit time delays for XPTs in the west and in the Hunter.

The lease requires substantial investment in infrastructure. ARTC reported it has commenced investment in north coast telemetry, replacement of the Wagga bridge, the Southern Sydney Freight Line and Sandgate (Kooragang) grade separation.23

Comments and outlook for 2006-07

ITSRR’s reliability monitoring coverage relates to the Country Regional Network which is heavily reliant on funds from the NSW Government. Reliability monitoring does not extend to the network leased to the ARTC which includes the DIRN and Hunter Valley lines.

During 2005-06 RIC progressively provided better and more meaningful information regarding the condition and performance of the Country Regional Network. At this stage it is too early to determine the sustainability of the network under current practices.

The R-lines present specific issues. The future use of these lines will depend on works currently underway and on discussions between Government and industry on future arrangements. RIC and ARTC assess that the level of proposed expenditure on maintenance is not sufficient to restore the infrastructure to its design condition. RIC also advises that planned maintenance expenditure levels are not sufficient to finance the completion of works on the Weemelah Line in 2006-07.

The parties make a more general point about future maintenance expenditure. While expenditure on major maintenance in 2005-06 was less than the available finance, RIC and ARTC suggest the level of finance available from current sources is around $10 million below long term requirements. ITSRR has no views on this estimate but notes that it is unlikely that increased revenues from access charges will be able to bridge a gap of this magnitude. ITSRR intends to monitor the condition of the Country Regional Network more closely in coming years and welcomes RIC’s cooperation in this matter. If there are unanticipated changes in condition detected by this monitoring, further policy consideration of the future of parts of the network and of financing may be warranted.

Developments on the network leased to ARTC are not closely monitored by ITSRR from a reliability perspective as it is not funded by the NSW Government and falls outside ITSRR’s statutory mandate. The safety performance of the leased network is subject to ITSRR’s regulatory oversight. Notwithstanding this, under the lease, ARTC is to make a report once each year to the NSW Government via RIC. The latest report for 2005-06 broadly shows that ARTC is conforming to the obligations of the lease.
background

Bus services in NSW are provided under contracts administered by the Ministry of Transport. The Government’s Bus Reform program commenced in 2004-05. Further implementation of the reforms occurred in 2005-06.

bus reform

The Reform program

The Ministry of Transport and metropolitan bus operators have entered into new bus contracts. The new contracts involve changes to subsidisation of bus operations and the introduction of new performance measures and reporting systems, some of which are to be introduced after the finalisation of contract arrangements.

The Reform program applies equally to privately owned bus operators and to the Government’s State Transit Authority (STA).

Reporting under new bus contracts

Bus operators are required to regularly provide data to the Ministry regarding: non-financial performance, operational performance and a service quality incentive. Under the new contracts STA provides the same information to the Ministry as do privately owned operators.

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

The Operational Performance Regime is intended to measure the punctuality and “reliability” of bus services. The Metropolitan Bus System Contract sets out the stages in the process for the introduction of this, with the first stage commencing with the signing of new bus contracts. In the interim, the new contracts require bus operators to record relevant data from the date of service commencement.24

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

The Reform program also requires operators to provide the Ministry of Transport with financial data. The Ministry structures payments to operators around costs, patronage and incentives. The Ministry collects farebox revenue and takes fare risks and makes submissions to IPART regarding fares.

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24. The Operational Performance Regime is set out in Schedule 2 to the Metropolitan Bus System Contract. The Contract and Schedule 2 are available at the Ministry of Transport’s website.
**Status of bus reform in 2005-06**

In 2005-06 Bus Reform was focused on the metropolitan area, although the extension of changes to other areas commenced. The Ministry of Transport has established 15 regions in the metropolitan area, each of which is covered by a single contract covering both regular route and school buses. STA is contracted for 4 of these regions.

There are a number of stages in implementing the Bus Reforms. By October 2005, all of the metropolitan area was covered by the new contracts. This was accompanied by a rollout of the Pensioner Excursion Ticket to areas previously service by privately owned operators. Associated with bus reform was standardisation of distance based cash fares across Sydney.

On 22 April 2006 the first new contract for an outer metropolitan area was signed – for the Central Coast. At the time of writing 4 out of the 10 outer metropolitan bus contract areas – the Blue Mountains, Wollongong, Newcastle and the Central Coast – were operating under the new arrangements.

**Activation of contract provisions**

All terms of a contract start at the commencement date. From that time there is a requirement for regular reporting of data to the Ministry of Transport.

Funding provisions under the contracts include a fixed payment, a payment based on the level of services and a payment based on the number of passengers carried. As a result, operators have an incentive to ask for additional services where current patronage is high or where there is expected to be growth in patronage.

Government, via the Ministry of Transport, approves the services and in some cases organises the provision of buses for new services. In 2005-06 new services were added in a number of high or growing patronage areas including the M2-CBD corridor (where 13 new AM services were added) and in some areas serviced by STA.

Regarding the Operational Performance Regime, the Ministry is currently consulting with operators and trialling performance measures.

Associated with this is the plan for bus priority on strategic corridors. The Government announced a target speed of 25kph on each of the corridors. To achieve this, a number of measures are being introduced including dedicated bus or by-pass lanes and adjustments to traffic signals. 2005-06 saw commencement of the rollout of the Public Transport Information and Priority System (PTIPS) program, noted in last year’s Transport Reliability Report. Two of the 43 strategic corridors were furnished with PTIPS — Hurstville – Miranda and Liverpool – Bankstown.

**Community consultation**

Under the contracts, significant network changes and regular service reviews are implemented after community consultation. An initial round is used to assist in the determination of service levels and patterns and further annual rounds will be used to aid in the adjustment of services. The initial round is referred to as an integrated network review.

The Ministry of Transport advises that an initial round of community consultation was undertaken for the development of strategic corridors in Region 10 (Southern Sydney) – completed in October 2005 and in Region 13 (Bankstown/Liverpool) – completed in December 2005. As a result there were adjustments to services in Region 10 introduced at the same time as changes to the CityRail timetable in May 2006. Changes to services in Region 13 commenced in September 2006.

Community consultation was undertaken in April and May 2006 regarding integration of bus network services (in Regions 1 and 4) into the North West T-way. This T-way is scheduled to open early in 2007.

The Ministry has identified the timing of the rollout of integrated network reviews. The following integrated networks will be introduced in 2007: Region 3 (Liverpool – Parramatta), Region 2 (Campbelltown – Liverpool), Region 15 (Camden – Campbelltown) and Region 1 (Penrith – Blacktown).

current performance results

Background

As noted in the 2004-05 Transport Reliability Report, there will be issues in gaining and assessing information until the rollout of the new arrangements is complete. However, the Ministry collected self-reported information from all metropolitan contract operators for the full 2005-06 year.

The information available to ITSRR is summarised below. It is aggregated for the metropolitan contract areas. As noted above, Bus Reform is extending beyond the metropolitan area in 2006-07 and out years, and hence results are not yet available for those areas.

Patronage

STA provides patronage data to the Ministry under the framework involving Government ownership of the Authority. This has passenger journeys for 2005-06 at around 200 million, broadly the same level as for 2004-05. There was a substantial increase in Western Sydney Buses passenger journeys to nearly 2 million.

Metropolitan contract regions reported around 135 million initial boardings in 2005-06. This was dominated by initial boardings in the contract regions held by STA (100 million). These results are not comparable with the above STA passenger journey figures as they relate to boardings only. The Ministry explains that some of the difference between the passenger journeys and the boardings figures is due to the ability of some ticket types to be used on multiple sequential bus rides – these count as a single initial boarding even though there may be multiple journeys and there may be School Student Transport Scheme riders included in the larger journey numbers.

Given the lack of comparable sector wide data for previous years, it is not possible to make definitive comments about changes in aggregate metropolitan bus patronage. The Ministry’s Submission to IPART shows growth in aggregates through the course of the year and while it is likely that some change has occurred, including in response to reductions in fares and changes in petrol prices, the quantum is unknown as data has not been seasonally adjusted. The Ministry also has pointed to growth on particular corridors including the M2-CBD route which may relate to peak hour passengers.

While passenger data for some routes may be known with accuracy, clearly there remain issues regarding aggregate passenger data at this stage of the Bus Reform process.

Trips and service kilometres

Self reporting data provided to the Ministry shows around 7 million bus trips – scheduled bus journeys – in 2005-06. Around 40 percent of these were in contract regions other than those held by STA. This is significantly higher than the share of total patronage and indicates a lower number of initial passenger boardings per bus trip by private operators.

Reported service kilometres were around 100 million in 2005-06, implying an average passenger trip length of around 13km. It appears that the average trip length is slightly higher in the contract areas not held by STA.

Combining boardings per bus trip and service length, it can be seen that passengers per service km are significantly lower for private buses – around half the level of the STA.

Again, data for bus trips and service kilometres from previous years is not available and it is not possible to determine whether there has been a net increase in service levels. New services have been introduced on some high patronage routes; however, there also have been reports of some reductions in services in other areas.

27. The Ministry’s submission to IPART for bus fares for 2007 has STA (initial boarding) patronage in the order of 180m and private bus (initial boarding) patronage in the order of 35m over 2005-06. Data for the first 4 months of the year is not available, and these figures scale up the results reported to the Ministry (and included in the submission) by 12/8 i.e. for a full year. During 2005-06, the Government noted that STA (Sydney and Newcastle) bus patronage had increased by 0.75m passengers over the year in the three months ended April 2006. Out of a base of 200m passengers, on an annualised basis and if held consistently through the year, this would equate with growth in the region of 1.5%.
Operational performance

Aspects of operational performance covered by the new contracts include on-time running, service cancellations, skipped stops and bus full on-route. Complaint data is also reported. A summary of these indicators is in Table 3.1

This suggests that over 99.5% of buses operated to schedule and that there were very few service cancellations. It also suggests a higher frequency of complaints regarding STA, notwithstanding its better reported performance.

As noted in earlier Transport Reliability Reports, this type of result for punctuality should be treated as experimental only. In particular, the on-time running result may be driven by its measurement at bus terminus points, rather than on-route. Thus the apparently very small margin available for improvement in on-time running — less than one half of one percentage point — does not undermine the potential for benefits of measures to introduce bus priority measures which are intended to improve both punctuality in congested areas and increase transit speeds. Similar comments could be made with respect to cancelled services.

At this time, data regarding crowding (bus full on-route) is not available to ITSRR, although some experimental data was included in the 2004-05 Transport Reliability Report. This type of indicator relates to buses which do not pick up passengers at stops because they are fully loaded. Clearly this will be a key indicator of capacity–demand matching, at least at the route level. Increases in the indicator on particular routes might trigger consideration of additional services. This again highlights bus data issues as flagged in previous Transport Reliability Reports. Similarly, “average fleet age” and “% of fleet wheelchair accessible”, which previously was reported to ITSRR for STA is not available.

### Table 3.1

<table>
<thead>
<tr>
<th>Indicator</th>
<th>STA result</th>
<th>Private result</th>
<th>Total result</th>
</tr>
</thead>
<tbody>
<tr>
<td>On-time running</td>
<td>99.8%</td>
<td>99.6%</td>
<td>99.7%</td>
</tr>
<tr>
<td>% of trips cancelled</td>
<td>0.06%</td>
<td>0.02%</td>
<td>0.05%</td>
</tr>
<tr>
<td>Complaints per 100,000 passengers</td>
<td>25.8</td>
<td>16.8</td>
<td>23.9</td>
</tr>
</tbody>
</table>

Source: Ministry of Transport August 2006.

Data issues

In the last two Transport Reliability Reports, ITSRR noted issues regarding the quality of bus data. It indicated a keen interest in the methodology and process by which the Ministry of Transport collects information from bus operators in areas such as patronage and operational performance.

The new bus contracts are intended to address these matters. However, given the relevant history, and the staged introduction of the Operational Performance Regime, it will take some time for completely accurate and verifiable information to become available under Bus Reform.

Against this background, in November 2004, the Ministry of Transport and ITSRR conducted a limited operational survey of bus punctuality. Punctuality and service cancellations were measured at some major bus stops in the metropolitan area, rather than at terminus points. That Report concluded that there was an impression that on-time running at major pick up and drop off points, i.e. at bus stops, is below that measured at terminus points and that there is substantial variation in on-time running across bus routes, across bus stops and at different times of the day. Claims or targets of 95% on-time running, such as in the Customer Commitment, may be unrealistic for all on-route stops, but clearly there is scope for programs aimed at providing priority for buses in road traffic to improve performance.

29. On-time running was defined as within a 7 minute band of a bus on a particular route at the bus stop — within 2 minutes before and 5 minutes after the scheduled time for the bus. Cancellations were defined as bus route services that did not appear to operate.
Service quality index

ITSRR’s interest in bus performance is at the more aggregate level, rather than the bus operator level which is the domain of the Ministry of Transport. It was in this context ITSRR’s submission to 2004-05 IPART bus and ferry fare determination proposed a service quality index. IPART’s determination in November 2005 did not specifically call on this. It focussed on cost, efficiency, impact on passengers and the more traditional partial indicators of service quality. Nonetheless, reflecting its advisory role ITSRR intends to further develop the concept of an index.

To do so, towards the end of 2005-06 it began consulting with transport and survey experts, including those who have proposed such indexes in recent years. Apart from the index issue, this consultation is covering the existing survey methodology employed by ITSRR and how surveys might be improved to give a better understanding of customer needs.

On the service quality index issue, it has been suggested that there are issues relating to the methodologies of assessing the value of particular aspects of service quality to customers. Methodologies generally require surveys of customer preferences. Different groups of customers, travelling at different times or between different locations, have varying views as to which aspects of service quality are more important than others. Aggregation among all groups may present a challenge. Also the manner in which customer views are assessed may have a bearing on results, generally more accurate results flow from simpler preference surveys – those preference surveys which ask customers fewer and simpler questions.

However, generally it was suggested that customer needs should be assessed at a broader and deeper level than the operational survey. That is, on-time running is not the only aspect relevant to bus passengers, but to the extent that it is important, an operational survey entailing more locations would be desirable, especially if it focussed more strongly on consistency of services as perceived by customers as distinct from operators. ITSRR will be addressing this in 2006-07.

Apart from this, it should be noted that Bus Reform envisages that there will be Service Quality Incentive surveys for individual contract areas for the purposes of contract management. The Ministry will be piloting Service Quality Incentive surveys next year.

Summary and issues for 2006-07

Bus Reform progressed further towards full implementation in 2005-06 with the bedding down of new arrangements. Of particular interest to ITSRR is the improvement in regular reporting from operators to the Ministry of Transport on a number of measures under the new contracts. However, as there is no comparable data from previous years, comparative assessments need to be interpreted with some caution. This is particularly relevant to aggregate passenger tasks.

The previous section of this Transport Reliability Report regarding rail highlighted the relevance of the draft NSW State Plan to public transport. The capacity and reliability of bus services will be important to aspects of this Plan, notably to the draft Plan’s Priority of increasing the share of peak hour commuters who use public transport. This will be especially important in those areas of the metropolitan area which are some distance from the CityRail network.

Commentators have indicated that demand for some bus services is growing, especially in particular corridors. While continuation of the reform process (including public consultation) will be an issue for 2006-07; the responsiveness of industry to changing patterns of passenger demand will also be important. While buses may have more flexibility in this than rail, the industry and the Ministry may face issues arising from the large number and wide coverage of routes and services.

30. IPART adopted a similar approach in relation to its Determination of CityRail fares in May 2006. 31. Draft State Plan Priority 11 available at the NSW State Plan website.
4. ferries

ITSRR’s interest in Sydney Ferries Corporation relates to its performance as part of Sydney’s public transport system. Sydney Ferries Corporation entered a Performance Agreement with the Minister for Transport in June 2006. The Agreement sets out two outcomes:

1. Sydney Ferries, as an integrated part of Sydney’s public transport system, is to provide safe, reliable and quality ferry services that meet the needs of its customers and the wider community; and

2. Sydney Ferries must demonstrate that public funds expended in the delivery of its services are used in a cost-effective and responsible manner.

Reports are made to the Minister each month on the achievement of performance benchmarks and on other matters.

The performance benchmarks and results are shown in Table 4.1.

Sydney Ferries carried some 14 million passengers in 2005-06, around the same level as for 2004-05. Operational performance, while strong overall, was slightly below target at 98.3 percent of ferries running on-time and 98.8 percent of services operating. This is similar to performance in previous years.

There were some issues with vessel availability, particularly in the first half of the year. While the second half of the year showed an improvement in this area, results remained below target. Customer complaints increased sharply in July 2005 and January 2006, before declining in the final months of 2005-06. There were a number of high profile incidents in late 2004-05 and early 2005-06 and during the year Sydney Ferries revised its management structure and put in place a number of initiatives to improve performance, including 12-hour rosters and a new Crew Resource Management system.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Target</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vessel</td>
<td></td>
<td></td>
</tr>
<tr>
<td>– availability</td>
<td>80%</td>
<td>71%</td>
</tr>
<tr>
<td>– reliability</td>
<td>95%</td>
<td>91%</td>
</tr>
<tr>
<td>Service reliability</td>
<td></td>
<td></td>
</tr>
<tr>
<td>– % of scheduled services that run</td>
<td>99.5%</td>
<td>98.8%</td>
</tr>
<tr>
<td>– % of services that run on-time</td>
<td>99.5%</td>
<td>98.3%</td>
</tr>
<tr>
<td>– number of customer complaints</td>
<td>820</td>
<td>1243</td>
</tr>
<tr>
<td>Sustainability</td>
<td></td>
<td></td>
</tr>
<tr>
<td>– number of reportable incidents of environmental damage</td>
<td>8</td>
<td>12</td>
</tr>
<tr>
<td>– number of sick leave days per employee</td>
<td>8</td>
<td>10</td>
</tr>
<tr>
<td>– percentage patronage growth</td>
<td>1%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Source: Reports from Sydney Ferries Corporation to the Ministry of Transport 2006.

32. Safety regulation is undertaken by NSW Maritime. Readers interested in the safety performance of ferries should refer to the NSW Maritime Annual Report.
ITSRR has an interest in extending performance monitoring to transport coordination. A number of Government announcements and policies are aimed at improving transport coordination, such as the proposed State Plan under which the Premier has called for “more integrated transport systems”.

### 131500 Transport Infoline

Among the issues identified in the 2004-05 Transport Reliability Report was the 131500 Transport Infoline. This service which was previously procured by the Government through the Transport Administration Corporation, is now managed by the Ministry of Transport. Funding is in the order of $7 million per annum. The service is supported by (and tied to) the main transport service providers: RailCorp, State Transit and Sydney Ferries Corporation.

Three elements of service are provided through the 131500 Transport Infoline on its website or through a call centre:
- information for planning of trips; for example, public transport options and timetables, notice of maintenance closures for rail;
- real time information about service disruptions, including rail delays and route alterations for buses; and
- receipt of complaints and feedback.

Demand for the service is shown in Table 5.1.

In the lead-up to the introduction of the new CityRail timetable, the Minister for Transport announced an upgrade and revision to the 131500 website, which includes an advanced trip planner and faster search times. In April 2006, the Minister indicated that the use of the website had almost doubled over the previous year.

<table>
<thead>
<tr>
<th>Performance indicator</th>
<th>Result (% change on 2004-05)</th>
</tr>
</thead>
<tbody>
<tr>
<td>telephone enquiries</td>
<td>3.1m (–7%)</td>
</tr>
<tr>
<td>website hits</td>
<td>22.8m (19%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Table 5.1</th>
<th>Main aspects of 131500 Transport Infoline 2005-06</th>
</tr>
</thead>
</table>

Source: Transport Development Corporation August 2006.

### Integrated ticketing

Integrated ticketing in NSW refers to the use of a single ticket medium to use all public transport modes in the Sydney area. At present, the Government and its agencies are working with a private company, ERG, to develop and implement a system based on “smartcard” technology. The Government anticipates a progressive rollout of the system to major elements of the public transport system commencing in 2007.

From 1 July 2006, the Public Transport Ticketing Corporation commenced operations as a stand-alone organisation to deliver and implement integrated ticketing. The Government is providing $86 million for capital expenditure on integrated ticketing system development and implementation in 2006-07.

6. Summary and Conclusion

This third Reliability Report provides an overview of the reliability performance of the major NSW rail, bus and ferry systems in 2005-06. As for previous years, service quality issues have been the focus, especially comparison of these with standards set by the Government. Information has largely been sourced from the Government’s procurement agency, the Ministry of Transport and from RailCorp (as the largest of the funded transport authorities).

Rail

CityRail’s operational performance in 2005-06 improved substantially after the introduction of new timetables. On-time running since has tracked close to the 92% target averaged across all lines. The new timetables reduced the number and speed of services. Thus there has been some rebalancing of the trade-off between capacity and operational performance.

While CityRail fleet performance remained an issue throughout the year, the performance of infrastructure in the Metropolitan Rail Area continued to improve. Infrastructure performance and capacity is important to the national economy, especially through its use by freight trains. Work completed by ITSRR in 2005-06 identified some of the challenges in this regard including the projected growth in freight and the national framework for access.

For the near future, challenges facing CityRail will include the further understanding of demand, and the matching of its service supply – through the timetable – with demand patterns. The 2008 timetable, under development now, may provide an opportunity to make gains in this regard.

CountryLink performance remained relatively stable. However, the decline in patronage evident from 2001 continued. There was a substantial increase in complaints about CountryLink services and ticketing after October 2005.

RIC commenced reporting on the condition of the Country Regional Network in 2005-06, as required under its Funding Agreement. Given the short duration of this reporting it is not possible to be definitive about the sustainability of the network under current and proposed practices. RIC has flagged questions about the adequacy of resourcing available to maintain the network and ITSRR intends to monitor this more closely in 2006-07.

Bus, ferry and transport coordination

The Government’s Bus Reform program took further steps in 2005-06, although it is likely to be several more years before it is fully implemented, including in the metropolitan area.

The issue of the adequacy of bus data remains.

ITSRR’s suggestions about a service quality index were not taken up by IPART. Nonetheless, ITSRR continues to explore the matter with experts. Preliminary conclusions are that the index is an important concept. It would be broader and deeper than current reporting that focuses largely on partial measures of operator specific operational performance and some individual aspects which may relate to service quality. It should be noted that the new bus contracts also see the Ministry having surveys in individual contract areas for the purposes of the Bus Reform Service Quality Incentive.

Issues regarding rural and regional buses were not addressed in 2005-06, and this may be a task for the future.

Sydney Ferries Corporation entered a performance agreement for 2005-06. Its operational performance remained close to target, although there were a number of incidents in the year.

Transport coordination is taking a higher profile within the Government. The 131500 web site was used a record number of times in 2005-06. Also at the end of 2005-06, the Public Transport Ticketing Corporation was formed to take charge of the integrated ticketing project – known as the TCard.

In conclusion, the development of a State Plan has important implications for transport. One of the priorities of the draft State Plan is to increase the share of commuters who use public transport. While the performance and capacity of CityRail is central to achieving this, the bus network extends to areas at some distance from CityRail services and thus it also has a crucial role to play. In the future, the coordination of public transport is likely to play a pivotal role in the transport aspects of the State Plan.
2.4
cross-modal transport
safety report
(rail, bus and ferry)

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background

The following report has been prepared by ITSRR with input from the Ministry of Transport and NSW Maritime. Under the Transport Administration Act 1988, ITSRR is expected to report on safety performance across the three transport service modes of rail, bus and ferry. An industry overview of these transport services is in Part 2.1.

There are three transport safety regulators each responsible for one of the three transport service modes: ITSRR regulates rail passenger safety; the Ministry of Transport regulates bus passenger safety; and NSW Maritime regulates ferry passenger safety. Each of these regulators has additional responsibilities for safety regulation beyond those outlined in this Report e.g. ITSRR also regulates rail freight operators, the Ministry of Transport regulates taxis and NSW Maritime regulates commercial vehicles and vessels.

This is the first safety report on the three transport modes of rail, bus and ferry services. Its focus is public passenger safety, primarily reporting on safety incidents, such as fatalities and collisions. It is hoped that this report will expand over time to cover other safety issues such as a wider range of contributing factors to transport safety and regulator effectiveness. The three regulators are reviewing what is currently reported for the three transport modes of rail, bus and ferry services as well as what could be reported. This work is expected to result in improvements to the reporting framework for future reporting.

safety performance across transport modes

Introductory context for safety performance across modes

This report does not provide a comparison of safety across the three transport modes of rail, bus and ferry services since the operating environments are quite different and therefore a direct comparison would not be valid. For example, buses operate on a road system shared with private vehicles and signals set to local conditions; whereas the railway network is a self-contained highly coordinated track and signaling system. Ferries operate in a marine environment with other boating vessels and minimal signaling infrastructure. Additionally, criteria for classification of incidents may also vary between modes, reflecting the needs of each sector.

Nevertheless, whilst safety outcomes between transport modes will vary, the same safety principles apply across modes. Consequently, there is much to be gained by the work of the three transport safety regulators through the sharing of safety information and learnings. This should lead to the identification of further safety reforms, enhanced reporting and regulatory frameworks and as a result, safety performance improvements for the rail, bus and ferry sectors.

This Report therefore aims to consolidate cross-modal safety information into one place to assist regulators, Government, operators and the public to better understand safety issues across transport modes.

The following information reflects the current state of knowledge of safety outcomes for each passenger transport sector – rail, bus and ferry. As indicated above, work is ongoing to improve the quality of reporting.
In accordance with the Rail Safety Act 2002, ITSRR has prepared its Annual Rail Industry Safety Report that outlines in more detail rail safety outcomes, performance indicators and issues. A summary of the rail safety outcomes is outlined here. Clarifications on how the data is reported and its criteria are outlined in the Annual Rail Industry Safety Report at Part 2.2.

summary of rail safety trends

consequence of rail incidents

Fatalities

For the third successive year there were no multiple fatality train incidents on the NSW rail network. Thirty six fatalities were reported in separate incidents during 2005-06. The majority (31) were trespasser and suicide fatalities, beyond the control of the rail network. The 2005-06 result reflects a longer-term decreasing trend over the last decade. The graphs on page 126 of the Annual Rail Safety Report reflect the number of passenger, public, employee and trespasser fatalities on the network over a ten-year period.

Serious injuries

During 2005-06, 403 serious injuries were sustained by rail passengers and 25 by rail employees. Most passenger injuries (90%) were the result of falls on railway property. The two highest causes for employee injuries were falls and assaults. Approximately 10% of all passenger and employee serious injuries in 2005-06 were the result of assault. The graphs on page 129 of the Annual Rail Safety Report reflect the number of serious injuries sustained by public, passenger, employee and trespassers on the NSW rail network over a ten year period.

Types of rail incidents

Collisions

The number of train to person collisions in 2005-06 (26) was the lowest recorded over the last 10 years.¹ Ten of these incidents resulted in a fatality. Six of the ten fatalities arose from injuries to trespassers. The graphs on page 131 outlined the number of collisions on the NSW rail network over a ten year period using the following categories – train-to-train collisions, train to person collisions, rolling stock collisions and train to infrastructure collisions.

¹ Under the National Rail Incident Classification Scheme the category Train to Person Collision excludes incidents classified as "Suspected/Attempted Suicide" and "Incidents at level crossings"
The number of collisions at level crossings is at, or close to, the lowest level observed over the last 10 years. There were ten collisions between train and road vehicles in 2005-06. This is lower than for 2004-05 (11) and consistent with a longer term decrease in these types of incidents. The graphs on page 135 detail the ten-year trends in level crossing incidents identifying the types of incidents as well as reflecting whether the incident involved a collision with a person or a vehicle or was a result of an equipment defect.

**Derailments**

Derailments have the potential to lead to serious incidents and injuries. During 2005-06, 43 derailments were reported to ITSRR, down from 65 in 2004-05 but consistent with the longer term count for these types of incidents. No injuries were reported for any of these incidents. Ten-year trend data is reported on page 132 of the Annual Rail Safety Report.

**Factors that can contribute to incidents**

As noted above, there is a range of contributing factors to rail safety incidents, such as the state of infrastructure and human behaviours. For this Cross-Modal Report, those factors relating to derailments, track and rolling stock condition are included. Future reports are expected to expand on these categories.

**Track irregularities**

Problems with track condition and rolling stock (any vehicle using the track, e.g. railway carriages etc) operation can be an important indicator of rail safety given the potential to cause more serious incidents, for example a broken rail causing a train derailment. The following summarises issues explored in more detail alongside trend data on pages 139-142 in the Rail Industry Safety Report:

- The largest number of track irregularities (233) in 2005-06 was associated with buckled track and consistent with the historical record.
- There were 147 broken rails reported in 2005-06, consistent with a decrease over the past four years since a peak in 2001-02.
- The largest number of rolling stock irregularities in 2005-06 was associated with brake faults (480). Most incidents were associated with passenger trains (286).

**Compliance enforcement activities**

Details on ITSRR's compliance enforcement activities are outlined in Part 1.2 of this Annual Report (pages 38-40).
context for reporting

The following information has been provided by the Ministry of Transport.

From mid-2004, a new bus incident reporting regime was implemented. Given this, data included in this report is that reported from July 2004.

From 14th July 2004 all NSW bus operators accredited by the Ministry of Transport were required to notify the Office of Transport Safety Investigations (OTSI) immediately if any vehicle is involved in an accident or incident. OTSI reviews each incident report and determines if further investigative action is required. This determination is made based on a range of criteria including the severity of the incident. For information on investigation reports undertaken by OTSI, see OTSI’s website www.otsi.nsw.gov.au.

OTSI passes all information received on incidents to the Ministry of Transport. The Ministry of Transport records this information and analyses it for further action as appropriate. Such action can include random and targeted vehicle inspections, as well as full audits on bus companies to ensure that the operator is complying with the requirements of their accreditation. In this regard, the data on incidents involving buses in NSW is one of the key lead indicators used by the Ministry of Transport to fulfil its obligations under the Passenger Transport Act 1990.

consequences of bus incidents

Fatalities

There were six reported fatalities involving the bus industry in the period 2005-06. This included fatalities that occurred in vehicles other than the bus.

Injuries

In 2005-06, there were 212 injuries recorded, down from 346 in 2004-05.

The cause of injuries related primarily to slipping whilst boarding or alighting from the bus and injuries sustained whilst on board a bus involved in an incident/accident.
Incidents

In 2005-06 there were 550 incidents reported from OTSI to the Ministry of Transport, down from the 876 reported incidents in 2004-05. The definition of reportable incidents was narrowed by OTSI which account in part for the decrease.

The contributing factors to these incidents include collision with other vehicles, stationary objects including vehicles or infrastructure, and pedestrians.

compliance enforcement activities

In 2005-06, the Ministry of Transport conducted 350 bus operator accreditation audits and 1800 random inspections. As a result of these audits and inspections, 26 drivers and 44 operators had their authorisation to operate cancelled. Sixty two drivers and seven operators had their authorisation suspended pending further review. Some of these led to cancellation of authorisation, others were permitted to operate based on rectification of the issue. The Ministry issued 64 infringement notices to bus drivers and 74 to operators for breaches of required standards.

When a bus operator’s accreditation is cancelled and the service is required to continue (such as for a regular route or dedicated school bus service), the Ministry of Transport arranges for another operator to provide the service.

Further detail on compliance enforcement activities is outlined in the Ministry of Transport’s Annual Report 2005-06.
context for reporting

The following report is based on information provided by NSW Maritime.

The indicators below on ferry safety performance were established in 2005-06 by NSW Maritime. Prior to 2005-06, indicators relating to ferries were aggregated into reporting on commercial vessels.

In 2005-06 the focus on ferry safety by both operators and NSW Maritime intensified with increased awareness of reporting requirements. An ageing Sydney Ferries Corporation fleet and issues with maintenance and vessel operations were contributing factors to overall safety performance.

consequences of ferry incidents

Fatalities

In 2005-06 there were no reported fatalities on ferries.

Injuries

In 2005-06 there were no serious injuries on ferries however ten minor injuries were reported.

Incidents

In 2005-06 there were 39 reported ferry incidents as defined in agreement with the Office of Transport Safety Investigation and the Sydney Ferries Corporation (SFC). This number is less than SFC’s total reported incidents because SFC includes incidents not traditionally categorised as marine incidents (such as passenger medical events, work place and health and safety issues).
comment on trends

While the number of incidents remained steady, ferry fatalities and serious injuries continued to be zero. The number of minor injuries (10) was also stable compared to past years. The year proceeded again without any suspensions to Certificates of Competency. However, one Survey Certificate was suspended due to the vessel being classed as unsafe.

The discipline of the new Safety Management System, along with crew training in resource management and random alcohol and drug testing of vessel masters, should soon see a decrease in these numbers.

With NSW Maritime’s increased responsibilities for wharf safety and ownership, new performance indicators have been established relating to wharf safety compliance and financial investment. Investment in wharves in 2005-06 was just under $5 million, and a capital budget of $12 million and maintenance budget of $10 million has been provided over the next four years. In addition, it is expected that another $12 million will be spent on the upgrade of Manly Wharf in 2006-07.

Because of this commitment, focus and financial investment, it is envisaged that there should be a positive trend in wharf safety results over the next 12 – 18 months.

compliance enforcement activities

The following indicators were established in 2005-06 by NSW Maritime for reporting on compliance enforcement activities for ferry safety. Prior to 2005-06, indicators relating to ferries was aggregated into reporting on vessels.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Number/Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Survey Certificates suspended:</td>
<td>1</td>
</tr>
<tr>
<td>No. of Certificates of Competency suspended:</td>
<td>0</td>
</tr>
<tr>
<td>Safety of wharves –</td>
<td></td>
</tr>
<tr>
<td>. % of wharves inspected with significant defects:</td>
<td>22%</td>
</tr>
<tr>
<td>. % of wharves inspected with minor defects:</td>
<td>54%</td>
</tr>
<tr>
<td>. % of wharves inspected which are compliant:</td>
<td>24%</td>
</tr>
<tr>
<td>No. of Wharf Improvement Notices issued:</td>
<td>2</td>
</tr>
<tr>
<td>No. of Prohibition Notices issued:</td>
<td>1</td>
</tr>
<tr>
<td>Total capital and maintenance expenditure by NSW Maritime on commuter ferry and charter vessel wharves</td>
<td>$4.91M</td>
</tr>
</tbody>
</table>

Further detail on compliance enforcement activities is outlined in NSW Maritime’s Annual Report 2005-06.
A major function of the Transport Regulators Executive Committee (TREC) is to share information about safety reforms impacting on NSW rail, bus and ferry services. This includes respective State and national reforms that are occurring in each transport mode.

As a result of these discussions, NSW transport safety regulators can:

■ appreciate and consider the impact of national reforms on public transport safety regulation in NSW and how state reforms can feed into national reform processes.

For example, the current national rail safety legislative reform process will result in amendments to NSW rail safety legislation which may have further relevance to other transport modes (more details on rail safety reforms are provided in Part 1 of this report);

■ identify areas where regulators and/or operators can apply improvements to safety.

For example, during 2005-06, the TREC reviewed drug and alcohol regulations and guidelines for rail, bus and ferry sectors from a consistency perspective across transport modes. It also conducted a co-ordinated review of penalties associated with the mis-use or tampering of emergency release equipment (to be completed in 2006-07);

■ ensure knowledge of current developments in safety issues can be shared, further explored and applied where relevant, including technological improvements and developments in management practices on transport safety overseas;

■ share information on how operators are implementing relevant reforms in their respective sectors;

For example, each agency is implementing a new accreditation scheme for operators that has a focus on safety requirements; and

■ gain a collective understanding of current and future government priorities for each transport mode and the impact on safety.

For more information on TREC and its activities, see ITSRR’s corporate report on page 45.
Another focus for TREC’s information sharing role is monitoring the implementation of external investigation reports by regulators and for the relevant transport sector.

Major accidents in the rail, bus and ferry sectors are investigated by external review bodies such as the NSW Office of Transport Safety Investigations and, for specific accidents with major fatalities such as the Waterfall rail accident in January 2003, by commissioned inquiries.

A key external report for the rail sector and ITSRR has been the “Special Commission of Inquiry into the Waterfall Rail Accident” (Waterfall Inquiry Report). This report is referred to in this report as the “Waterfall Inquiry”. The report made 177 wide-ranging recommended actions (comprising 127 recommendations with 50 sub-actions) on rail safety.

Many of these recommendations were specific to rail safety; however, given the wide-ranging scope of the recommendations, many are also valuable checking points for each transport mode, for example, medical standards and communication operability.

Through the TREC forum, each transport safety regulator has reviewed the Waterfall Inquiry recommendations that may have relevance to their sector, noting that in many cases the issues referred to were already being implemented by the regulator or within its relevant reform processes. Each agency, through TREC, shares the details of specific modal reforms. Given ITSRR’s carriage to verify and report on the implementation of the Waterfall Inquiry Report, details for the rail sector are included in its corporate report (see pages 35-37).

The Office of Transport Safety Investigations (OTSI) is an independent authority that investigates major transport accidents across rail, bus and ferry modes. (It should be noted that each transport safety regulator also conducts investigations that relate to compliance with safety regulation.) OTSI prepares public reports that outline recommendations for improvement by the relevant transport sector. TREC also discuss the implementation of these recommendations at its regular meetings.
This report provides a basis for reporting across transport modes that will be further developed in 2006-07.

As noted in the Introduction, whilst it is not a platform to compare performance across modes, the report does provide high level information on safety performance and the implementation of safety reforms across modes.

In 2006-07 implementation of safety reforms will continue in all NSW public transport modes to ensure continuing improvement to safety.
part three
appendices
3.1 appendices

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The following table is a summary of ITSRR’s achievements against its Corporate Plan priorities for 2005-06. More detail is provided in the program chapters of this Report.

A “Result” priority reflects an external outcome that ITSRR is aiming for, whereas a “Service” priority reflects a process within ITSRR that needed to be focused on.

In most cases, a number of Divisions of ITSRR contribute to achieving each priority.

<table>
<thead>
<tr>
<th>Result priority</th>
<th>Summary result</th>
<th>More details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Take action on identified rail safety management priorities (including improving risk and safety management systems as a preventive measure, emergency management, security, train protection systems, train radio communication systems, infrastructure and rolling stock condition, and safety training for the rail industry)</td>
<td>Action taken on all areas. A significant achievement has been the progress towards implementing the National Rail Safety Accreditation Package (NAP) that introduces more rigorous requirements for the safety management systems of rail operators.</td>
<td>See pages 22-34.</td>
</tr>
<tr>
<td>Verify and report on the implementation of Waterfall Inquiry recommendations.</td>
<td>Verification and reporting significantly advanced, with 75% of recommendations implemented as at June 2006.</td>
<td>See pages 35-37.</td>
</tr>
<tr>
<td>Provide advice to Government and publish reports on the performance and sustainability of publicly funded transport services.</td>
<td>Wide range of timely and high quality reports provided on reliability and sustainability of transport networks.</td>
<td>See pages 49-54.</td>
</tr>
</tbody>
</table>
### Result priority

<table>
<thead>
<tr>
<th>1. Develop and implement single integrated audit schedule, methodology and program for rail.</th>
<th>Audit schedule in place and audits conducted in line with schedule.</th>
<th>See page 40.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Define, document and implement ITSRR's Corporate Management System.</td>
<td>System designed and scoped and substantial progress on populating it with documented policies and business processes. Work ongoing until full implementation.</td>
<td>See page 66.</td>
</tr>
<tr>
<td>3. Define and implement effective framework to use and manage corporate knowledge.</td>
<td>Framework defined, with implementation scheduled for 2006-07.</td>
<td>See page 62.</td>
</tr>
<tr>
<td>5. Enhance ITSRR’s capability to collect and utilise safety intelligence to determine safety management priorities for ITSRR’s attention.</td>
<td>Capability progressed, with further work scheduled.</td>
<td>See pages 41, 65-67.</td>
</tr>
</tbody>
</table>

### 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.
accredited operators of railways in nsw

The following list details the names of all accredited rail operators in NSW during 2005-06. CNO refers to Currently Not Operating at the time of writing this report.

3801 Limited
Airport link Pty Ltd (exempted in July 2005)
Australian Railway Historical Soc. (ACT Div)
Australian Western Railroad
Australian Rail Track Corporation
AW Edwards Pty Ltd
Barclay Mowlem Construction Ltd
Bishop Austrans CNO
Blue Circle Southern Cement - Berrima Only
Blue Scope Steel Limited
Bovis Lend Lease Pty Ltd
Bradken Rail
Campbelltown Steam Museum
Chicago Freight Car Leasing Australia Pty Ltd
Coleman Rail
Cooma-Monaro Railway Inc.
CRT Group
Dorrigo Steam Railway & Museum CNO
Evans Deakin Industries Rail
Fluor Australia
Genesee Wyoming Australia Pty Ltd
Glenreagh Mountain Railway
Goulburn Crookwell Heritage Railway CNO
Grain Corp Operations Ltd
Great South Pacific Express
Great Southern Railway
Guyra & District Historical Society Machinery Group Inc.
Heggies Bulk Haul (since Nov 2005 trading as Scott Corporation Bulktrans)
Historic Electric Traction
Illawarra Light Railway Museum Society
Interail
John Holland Rail Pty Ltd
Junee Railway Workshops Pty Ltd
Lachlan Valley Railway Co-Op Society
Lachlan Valley Railway Freight Pty Ltd
Manildra Group
Melaleuca Station
Millennium Parklands Railway CNO
Museum of Applied Arts and Sciences
New England Railway CNO
NSW Rail Transport Museum
Oberon Tarana Heritage Railway Inc.
One Steel Manufacturing Pty Ltd
Pacific National
Pacific Rail Engineering
Patrick Rail Operations Pty Ltd (Patrick Port Operations)
Perisher Blue Pty Ltd
QR National
Rail Industry Service Providers Holdings
Rail Infrastructure Corporation - Country
Rail Technical Support Group
RailCorp
Regional Heritage Transport Association CNO
Richmond Vale Preservation Co-op Society
South Maitland Railway
South Spur Rail Services
Southern & Silverton Railway Pty Ltd
Southern Short-Haul Railroad
Speno Rail Maintenance Australia
State Mine Heritage Park Railway CNO
Steam Tram & Rail Preservation Co-op Society Ltd
Sydney Tramway Museum
Taylor Rail Track Pty Ltd
The Rail Motor Society
Thiess Hochtief Joint Venture
Timbertown Heritage Steam Railway - Wauchope
Transfield Services Australia
Transport Infrastructure Development Corporation
United Group Infrastructure Pty Ltd
United Group Rail Fleet Services
United Group Rail Services Ltd
V/Line Passenger Pty Ltd
Veolia Transport - Sydney Light Rail
Veolia Transport - Sydney Monorail
Works Infrastructure
Zig Zag Railway
ITSRR’s principal officers (executive management team)

ITSRR’s principal officers during 2005-06, comprising its Executive Management Team, were as follows:

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

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

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

In 2005-2006 the heads of ITSRR’s Divisions were:

Michael Quinn, Executive Director, Rail Safety Regulation (Jan – June 2006)
During July – Dec 2006, Colin Holmes, currently Director Accreditation, Audit and Compliance, acted as Director Accreditation and Audit, the most senior position in the Division following the resignation of Kent Donaldson.

Michael Quinn (CSP Dip OH&S) joined ITSRR’s Rail Safety Regulation Division as its Executive Director in January 2006. Mick has extensive experience in the development and implementation of safety management systems, operational risk management programmes, safety auditing and accident investigation. He is a graduate of the University of Southern California Aviation Safety Management Programme, has a Diploma in Occupational Health & Safety and has held a Senior Commercial Pilots Licence.

Prior to joining ITSRR, Mick was based in Dubai as Senior Vice President - Group Safety for the Emirates Group. He held the responsibility for safety management programmes across a broad range of the Group’s entities internationally. During his time in Dubai, he also held the position of Vice President - Flight Training, EMIRATES and was responsible for all ground and flight training aspects of the airline’s Airbus and Boeing fleet. Prior to this, Mick was the Manager Air Safety Investigation, QANTAS Airways. He has also worked as a commercial pilot.

Mick has served on a number of domestic and international transport safety, advisory, and regulatory boards. He was appointed to the IATA (International Air Transport Association) Safety Board in 2005.

Mick is a member of the International Society of Air Safety Investigators and the Human Factors & Ergonomics Society.

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

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

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

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

Natalie Pelham (BSc and MSocSc) has worked in safety regulation since 1994, initially working in a research unit at the University of Sydney followed by several years with WorkCover NSW where she held a number of senior positions. Natalie moved to the Transport Portfolio in 2003 to join the Special Project Team established to advise the Minister on formation of ITSRR.

Natalie joined ITSRR as Executive Director, Corporate Strategy Division in January 2004 and has recently submitted her PhD thesis in public health specialising in public policy (regulation) for workplace health and safety.

Paul Harris, Director, Corporate Services and Planning

Paul Harris (BCom) joined ITSRR in January 2003 after many years with StateRail.

Paul has held various past roles with organisational responsibility for human resource policy development and organisational change and, prior to appointment to ITSRR, managed the centralised human resources and accounting function for State Rail.

Paul is currently a member of the NSW cohort in the Executive Masters of Policy Administration conducted by the Australia and New Zealand School of Government.

<table>
<thead>
<tr>
<th>SES Level</th>
<th>No. of SES positions (total) 2005</th>
<th>No. of SES positions (total) 2006</th>
<th>No. of SES officers 2006</th>
<th>No. of female SES Officers 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>3</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>5</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>6</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>TOTAL</td>
<td>8</td>
<td>7</td>
<td>6</td>
<td>4</td>
</tr>
</tbody>
</table>

The following table outlines the number of Senior Executive Service positions in ITSRR.
## Statement of Performance and Pay for SES Officers Level 5 and Above

In 2005-06 ITSRR had two SES officers at Level 5 and above, Carolyn Walsh (Chief Executive) and Michael Quinn (Executive Director Rail Safety Regulation). Their performance achievements are outlined below:

### Carolyn Walsh
- **Name:** Carolyn Walsh
- **Title:** Chief Executive
- **Remuneration:** $243,360 pa
- **Level:** SES Level 6
- **Performance Pay:** Not applicable

**Performance achievements:**
Successfully managed the functions of the Independent Transport Safety and Reliability Regulator, including safety regulation of the NSW rail industry, strategic coordination of issues across transport modes of rail, bus and ferry and provision of advice to Government on the reliability of publicly funded transport services.

Major achievements during the year included:
- implementation of the National Rail Safety Accreditation Package for NSW rail operators, introducing a new Safety Management System (SMS) guideline that provided more rigorous safety requirements
- implementation of new rail safety regulations in NSW to give effect, amongst other things, to recommendations of the Special Commission of Inquiry into the Waterfall Rail Accident
- verification that 75% of the Waterfall Inquiry recommendations had been implemented as at 30 June 06
- chaired the National Steering Committee that provided policy advice to the National Transport Commission leading to the endorsement by Federal, State and Territory Transport Ministers of the new National Model Legislation
- initiated some 12 compliance investigations to assess whether specific accidents and/or incidents were the result of non-compliance by rail operators with their accreditation requirements
- managed the development of significant policy advice to Government on implementation of the new CityRail timetable
- introduced an expanded development framework for Managers and key staff
- significantly strengthened governance provisions through the development and implementation of new processes for risk and opportunity assessment, corporate planning and audit.

### Michael Quinn
- **Name:** Michael Quinn
- **Title:** Executive Director Rail Safety Regulation
- **Remuneration:** $237,800 pa
- **Level:** SES Level 5
- **Performance Pay:** Not applicable

**Performance achievements:**
Following commencement in January 2006 successfully managed the Rail Safety Regulation Division covering accreditation of rail operators, the delivery of planned audit schedule, actioning of compliance investigations and monitoring of rail operator safety performance.

Major achievements during the year included:
- ensuring full compliance with statutory obligations for audit of rail operators
- reviewing Divisional structure and operational requirements and implementing a new structure to improve the effectiveness of the rail safety regulation function
- establishing business processes to improve safety incident analysis including the development of predictive performance indicators
- managing processes for the close out of recommendations arising from the Special Commission of Inquiry into the Waterfall Rail Accident.
Role and function

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

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

Method and terms of appointment of Advisory Board members

The Board consists of 5 members:

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

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

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

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

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

Meetings

The Board meets monthly, unless additional or extraordinary meetings are considered necessary. During 2005-06, it held 12 meetings. Professor Jean Cross and Carolyn Walsh attended all meetings, Rob Schwarzer and Dr Rob Lee attended 11, Mr Ron Christie AM attended the six meetings for which he was eligible prior to his resignation as Chairman and Mr Len Neist attended the one meeting for which he was eligible.

Following the resignation of Mr Ron Christie AM on 31 December 2005, Mr Rob Schwarzer was appointed Chairman and, in May 2006, Mr Len Neist was appointed as a Board member.
members of the advisory board

Members of the Board as at June 2006 were:

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

Rob Schwarzer is GHD’s Business Development Manager responsible for the company’s services to the Railway industry. A civil engineer, he has over 36 years experience in the transport industry covering freight and passenger services.

Mr Schwarzer has worked with government-owned rail, bus and ferry services and headed the private sector Sydney Light Rail Company. He has extensive experience in construction, operation and strategic planning for transport systems in both public and private ownership.

Professor Jean Cross BSc, PhD, FIEAust, MAIP

Jean Cross is Head of the UNSW’s School of Safety Science and is involved in teaching and research in the area of risk management. Professor Cross has a degree and PhD in Physics gained in the UK. She is a Fellow of the Institute of Engineers Australia and a member of the Risk Management Institute of Australasia.

Professor Cross was Chair of the Australian Standards Committee which prepared the Australian/New Zealand Standard No. 4360 Risk Management and is a member of the International Standards Committee revising the IEC standard on Risk analysis of technological systems. She has participated in the preparation of Australian Standards handbooks on environmental risk management and risk management in outsourcing.

Dr Robert Lee BA(Hons), PhD, FRAeS, FCILT

Rob Lee has extensive experience in air safety investigation and is regarded as one of the foremost authorities on human factors in safety management. Dr Lee was appointed to the Bureau of Air Safety Investigation (BASI) as its first human factors specialist and, in 1989, was appointed Director.

Since 2000, Dr Lee has been an international consultant in human factors and systems safety in aviation, rail and other high technology industries. He has been an analyst on three major overseas civil air accident investigations, as well as providing evidence to the military Board of Inquiry into the RAN Sea King accident, 2005. His aviation clients have included Cathay Pacific, Finnair, Emirates, Qantas and CASA. He also worked with State Rail in introducing human factors and systems safety concepts to rail operations and training. He was a member of the Expert Panel on Safety Management Systems that provided advice to the Special Commission of Inquiry into the Waterfall Rail Accident.

He is a member of the Nuclear Safety Committee of the Australian Radiation Protection and Nuclear Safety Agency and a consultant on aviation psychology, human factors, systems safety and air safety investigation to the Australian Defence Force.
Mr Len Neist BE (Mech), MSc

Len Neist is 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 and has been instrumental in the leadership, establishment and growth of the Defence and Strategic Security business for the company.

Mr Neist has consulted with a range of rail systems including: the NSW Special Commission of Inquiry into the Waterfall Rail Accident, Queensland Rail, Australian Rail Track Corporation and Victoria Department of Infrastructure and Department of Transport and Regional Services.

Carolyn Walsh BEc

Carolyn Walsh, Chief Executive of ITSRR is also a member of the Board. Her background details are outlined on page 14.

significant committees

ITSRR’s internal committees, including details of their functions and activities during 2005-06, are outlined on page 57.

ITSRR also facilitates the Transport Regulators Executive Committee (TREC). TREC comprises the chief executives of the three agencies responsible for regulating the safety of public passenger transport; ITSRR, the Ministry of Transport and NSW Maritime. It is chaired by the Chief Executive of ITSRR.

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

ITSRR is also involved in a number of sub-committees to develop the national model rail safety legislation and regulations.

grants to non-government organisations

ITSRR did not make any grants to non-government organisations during 2005-06.
principal legislation administered by ITSRR

ITSRR exercises functions under the:

- **Rail Safety Act 2002** and Regulations made under that Act;
- **Transport Administration Act 1988**;
- **Passenger Transport Act 1990**; and
- **Transport Legislation Amendment (Waterfall Rail Inquiry Recommendations) Act 2005**.

significant judicial decisions

There was one significant judicial decision involving ITSRR during the year. The case was titled *Junee Railway Workshop Pty Limited v Independent Transport Safety and Reliability Regulator [2006]* NSW Administrative Decisions Tribunal 184.

This case concerned an application by Junee Railway Workshop (JRW) for a stay of a Prohibition Notice issued to it by ITSRR. The Tribunal stayed the Notice on the condition that JRW gave certain undertakings relating to the implementation of safety measures relating to train movements.

legal changes

During 2005-06 the following legal changes to rail safety regulations were enacted:

- **Rail Safety (General) Amendment (Miscellaneous) Regulation 2006** commenced on 31 March 2006.
- **Rail Safety (General) Further Amendment (Miscellaneous) Regulation 2006** commenced on 1 July 2006.
- **Rail Safety (Drug and Alcohol Testing) Amendment (Samples) Regulation 2006** commenced on 4 August 2006.

During 2005-06 the following legal changes to transport legislation were made:


major works in progress

ITSRR had no major works in progress during 2005-06.

electronic service delivery

ITSRR provides a public website which includes a range of information, including relevant legislation, policies and publications (including reports, newsletters and media releases).

ITSRR’s primary external clients are rail industry operators whom ITSRR accredits under rail safety legislation. ITSRR provides an on-line service so that these operators are able to lodge notifications for changes to their accreditation conditions on-line.
research and development

ITSRR’s major research activities during 2005-06 are outlined as follows:

**Procurement and performance monitoring practices of metropolitan passenger rail systems**

ITSRR completed a survey of the procurement and monitoring practices for commuter rail services in twenty-one cities in Australia, New Zealand, North America, Europe and Asia. Commuter rail was chosen as the focus for the research because of its importance as a central element of public transport in Sydney. Procurement and performance monitoring practices are of interest because governments generally want to acquire levels of service that encourage public transport use and, by monitoring, be assured that these service standards are met.

In each of the cities, information was collected from interviews with the government transport authorities that have responsibility for procuring commuter rail services (i.e. acquiring commuter rail services on behalf of government). Information was also collected from publicly available information sources. The issues addressed were the nature of the railway; governance arrangements (the role and functions of the procuring authority); procurement practices (how and what rail services are procured); performance monitoring practices; and performance indicators.

The survey found that there is a wide variety of arrangements and practices amongst the surveyed cities. Most authorities take an active role in rail procurement and performance monitoring. All arrangements require the railways to provide performance data and reports for monitoring. In many cities a single transport authority controls all procurement functions, often for all transport modes.

Overall the findings suggest that, while there are various models of procurement, within each model there is coherence between objectives and practices. The next stage of this research will examine selected features of arrangements in greater depth, particularly with regard to their purpose, effectiveness and transferability to NSW.

**Predictive indicators for safety**

ITSRR is leading the development of an appropriate methodology for measuring of risk which identifies the aspects of asset condition or failure which present the greatest safety risk. ITSRR is using its existing rail incident data to develop the risk models. A proposed structure for a basic risk model has been developed incorporating spatial representations of risk, different types of risk measures, and incorporating asset condition data. ITSRR is now developing a basic risk model based on these principles.
equal employment opportunity (EEO)

ITSRR’s EEO strategies and results are outlined in more detail on page 63. 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 2006</th>
<th>Total Staff 2005</th>
<th>Respondents</th>
<th>Men</th>
<th>Women</th>
<th>Aboriginal People &amp; Torres Strait Islanders</th>
<th>People from Racial, Ethno-Religious Minority Groups</th>
<th>People Whose Language First Spoken as a Child was not English</th>
<th>People with a Disability</th>
<th>People with a Disability Requiring Work-related Adjustment</th>
<th>&gt; $97,932 (non SES)</th>
<th>&gt; $97,932 (SES)</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; $32,606</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>
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<td>0</td>
<td>0</td>
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<tr>
<td>$32,606 – $42,824</td>
<td>0</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>$42,825 – $47,876</td>
<td>0</td>
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<td>0</td>
<td>0</td>
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<td>0</td>
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<td>$47,877 – $60,583</td>
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<tr>
<td>$60,584 – $78,344</td>
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<td>6</td>
<td>4</td>
<td>0</td>
<td>4</td>
<td>0</td>
<td>0</td>
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<td>1</td>
<td>1</td>
<td>0</td>
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<td>$78,345 – $97,932</td>
<td>25</td>
<td>25</td>
<td>25</td>
<td>15</td>
<td>10</td>
<td>0</td>
<td>4</td>
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<td>0</td>
<td>0</td>
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<td>0</td>
</tr>
<tr>
<td>&gt; $97,932 (non SES)</td>
<td>37</td>
<td>36</td>
<td>37</td>
<td>27</td>
<td>10</td>
<td>0</td>
<td>7</td>
<td>12</td>
<td>3</td>
<td>0</td>
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<tr>
<td>&gt; $97,932 (SES)</td>
<td>6</td>
<td>8</td>
<td>6</td>
<td>2</td>
<td>4</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>1</td>
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<td>0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>78</td>
<td>82</td>
<td>78</td>
<td>45</td>
<td>33</td>
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<td>13</td>
<td>22</td>
<td>5</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

### A. Trends in the representation of EEO groups

<table>
<thead>
<tr>
<th>EEO Group</th>
<th>Benchmark or Target</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>50%</td>
<td>n/a</td>
<td>34%</td>
<td>38%</td>
<td>42%</td>
</tr>
<tr>
<td>Aboriginal people and Torres Strait Islanders</td>
<td>2%</td>
<td>n/a</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>People whose first language was not English</td>
<td>20%</td>
<td>n/a</td>
<td>15%</td>
<td>22%</td>
<td>28%</td>
</tr>
<tr>
<td>People with a disability</td>
<td>12%</td>
<td>n/a</td>
<td>15%</td>
<td>11%</td>
<td>6%</td>
</tr>
<tr>
<td>People with a disability requiring work-related adjustment</td>
<td>7%</td>
<td>n/a</td>
<td>5.9%</td>
<td>4.3%</td>
<td>1.3%</td>
</tr>
</tbody>
</table>
## B. Trends in the distribution of EEO groups

<table>
<thead>
<tr>
<th>EEO Group</th>
<th>Benchmark or Target</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>100</td>
<td>n/a</td>
<td>91</td>
<td>91</td>
<td>91</td>
</tr>
<tr>
<td>Aboriginal people and Torres Strait Islanders</td>
<td>100</td>
<td>n/a</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>People whose first language was not English</td>
<td>100</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>99</td>
</tr>
<tr>
<td>People with a disability</td>
<td>100</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>People with a disability requiring work-related adjustment</td>
<td>100</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
</tbody>
</table>

### Notes:

1. Staff numbers are as at 30 June 2006.
2. Excludes casual staff.
3. A Distribution Index of 100 indicates that the centre of the distribution of the EEO group across salary levels is equivalent to that of other staff. Values less than 100 mean that the EEO group tends to be more concentrated at lower salary levels than is the case for other staff. The more pronounced this tendency is, the lower the index will be. In some cases the index may be more than 100, indicating that the EEO group is less concentrated at lower salary levels. The Distribution Index is automatically calculated by the software provided by ODEOPE.
4. The Distribution Index is not calculated where EEO group or non-EEO group numbers are less than 20.

### consultants

ITSRR did not employ any consultants during 2005-06.

### action plan for women

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

### land disposal

ITSRR does not have any land to dispose of.

### list of major assets

ITSRR has no major assets to report against.
economic or other factors impacting performance

Major factors impacting on ITSRR’s performance were considered as part of its risk assessment process (see page 58).

promotion — publications

During 2005-06 ITSRR published the following documents:

Fact sheets

ITSRR published 17 fact sheets that focused on rail safety including ones explaining issues relating to: Accreditation; the Annual Transport Reliability Report; Survey of CityRail Customers; Drug and Alcohol testing; Emergency Egress; Exemptions from Accreditation and SMS Requirements; Fatigue Management: Impacts of Freight Incidents on CityRail passenger service reliability; ITSRR Authorised Officers; preparation of National Model Legislation; the National Rail Safety Bill 2006; Notification of Changes to Railway Operations; Notification of Occurrences; Rail Regulation; Safety Interface Agreements for Private Sidings; Safety Management System Guidelines and Variation to Accreditations.

ITSRR published 3 fact sheets that included a focus on bus safety and reliability issues including those on the Annual Transport Reliability Report; bus regulation; and transport regulation in NSW.

Similarly with ferry issues, ITSRR published three fact sheets, including ones outlining the Annual Transport Reliability Report; transport regulation in NSW and recreational and commercial vessel regulation.

Reports

ITSRR also prepared the following twelve reports:

- ITSRR submission to IPART for Determination of CityRail Fares for 2006
- ITSRR Quarterly Waterfall Reports (four reports)
- Model of Risks of Driver Incapacitation
- Qualitative Assessment of Current Defences of Driver Incapacitation (Lloyd’s Register)
- International Search and Review of Engineering Safety Devices (Halcrow)
- Driver Safety Systems Discussion Paper
- Annual Survey of CityRail customers 2005
- Mini Survey of CityRail Customers 2005 (impact of new rail timetable)
- Annual Report 2005-06
- Driver Safety Systems and Automatic Train Protection Information Paper
- ITSRR submission to IPART for the determination of bus and ferry fares for 2006
Newsletters

ITSRR prepared four “The Regulator” industry newsletters.

Transport Advisory Weekly (TAW)

ITSRR prepared 38 TAW newsletters during the year. These are located on ITSRR’s website.

Information Alerts

ITSRR issued eleven Information Alerts to rail operators:

- New NSW Rail Safety Regulations and Guidelines
  
  **Supporting Fact Sheets:**
  
  — Safety Management System Guidelines
  — Exemptions from accreditation and SMS requirements
  — Variations to accreditation
  — Notification of changes to railway operations
  — Notification of occurrences
  — Safety interface agreements for private sidings
- Notice of change to arrangements for Accreditation Fees & Annual Safety Reports
- Rail Safety General Amendment Regulation 2006 — 7 April 2006
- Industry Consultation - Proposed Guidelines for the Amendment of Network Rules — 28 March 2006
- Industry Consultation - Proposed Changes to Rail Operator Drug and Alcohol (D&A) Testing Requirements
- National Accreditation Package V2.0 and Audit Checklist — 22 December 2005
- Commencement of ITSRR Drug and Alcohol Random Testing Program — 16 December 2005
- Direction in relation to Lost Property — 7 December 2005
- Industry Consultation - Proposed Amendments to NSW Rail Safety Regulation — 1 December 2005
- Safety Interface Agreements - Reminder — 4 November 2005

overseas visits

No ITSRR staff travelled overseas for business purposes during 2005-06.
payment of accounts

Aged analysis at the end of each quarter

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Current (Within due date)</th>
<th>Less than 30 days overdue</th>
<th>Between 30 and 60 days overdue</th>
<th>Between 60 and 90 days overdue</th>
<th>More than 90 days overdue</th>
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<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>September</td>
<td>60</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>December</td>
<td>514</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>March</td>
<td>17</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>June</td>
<td>900</td>
<td>-</td>
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Time for payment of accounts

<table>
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<tr>
<th>Quarter</th>
<th>Total Accounts Paid on Time</th>
<th>Total Amount Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Target %</td>
<td>Actual %</td>
</tr>
<tr>
<td>September</td>
<td>100</td>
<td>96</td>
</tr>
<tr>
<td>December</td>
<td>100</td>
<td>97</td>
</tr>
<tr>
<td>March</td>
<td>100</td>
<td>94</td>
</tr>
<tr>
<td>June</td>
<td>100</td>
<td>92</td>
</tr>
</tbody>
</table>

$14,727

risk management and insurance activities

ITSRR has undergone an extensive corporate risk management process during the year as part of its corporate planning process. For more information, see page 57.

ITSRR has maintained accounts with the Treasury Management Fund for all insurance.

disclosure of controlled entities

ITSRR does not have any controlled entities to report against.
Total external production cost of preparing 200 hard copies and 100 CDs of ITSRR’s corporate Annual Report 2005-06 was approximately $18,440 (design plus printing costs, excludes GST).

This year ITSRR hired an external designer for the report given the lack of internal resources capable of this task. The design agreed to will serve as the framework for future reports, thereby creating efficiencies in time and cost in future years.

The report is available on-line at ITSRR’s website www.transportregulator.nsw.gov.au

Hard copies and CD versions of the Annual Report are available from ITSRR’s office (contact details on the inside back cover of this report).

The following tables are in accordance with the reporting requirements of Premier’s Office. ITSRR had one application for information during 2005-06 which was granted. There were no applications in 2004-05.

“Personal” refers to requests made for information about staff.

“Other” refers to all other types of requests.

<table>
<thead>
<tr>
<th></th>
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<td>0</td>
<td>1</td>
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<tr>
<td>Brought Forward</td>
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<tr>
<td>Total to be processed</td>
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<td>0</td>
<td>0</td>
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<tr>
<td>Completed</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>1</td>
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<tr>
<td>Transferred Out</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<td>Total Processed</td>
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<td>1</td>
<td></td>
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<tr>
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<table>
<thead>
<tr>
<th>Result of FOI Request</th>
<th>Personal 2004-05</th>
<th>2005-06</th>
<th>Other 2004-05</th>
<th>2005-06</th>
</tr>
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<tbody>
<tr>
<td>Granted in full</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Granted in part</td>
<td>0</td>
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<td>0</td>
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<tr>
<td>Refused</td>
<td>0</td>
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<tr>
<td>Deferred</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Completed</td>
<td>0</td>
<td>0</td>
<td>0</td>
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</table>
Ministerial Certificates

There were no Ministerial Certificates issued in either 2005-06 or 2004-05.

Formal Consultations

<table>
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<th>Formal consultations</th>
<th>Issued</th>
<th>Total</th>
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<tbody>
<tr>
<td>Number of requests requiring formal consultation(s)</td>
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<td>1</td>
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</table>

Amendment to personal records

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<thead>
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<th>Result of Amendment Request</th>
<th>Total</th>
</tr>
</thead>
<tbody>
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<td>Result of amendment – agreed</td>
<td>0</td>
</tr>
<tr>
<td>Result of amendment – refused</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>0</td>
</tr>
</tbody>
</table>

Notation of personal records

There were no requests for notation of personal records.

credit card certification

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

response to significant issues raised by the auditor general

No issues for ITSRR action were raised by the Auditor-General during 2005-06.
3.2 compliance with annual reporting legislation index

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