



# annual report

2013

# ABOUT THIS REPORT

This report reflects the performance of The Office of National Rail Safety Regulator (ONRSR) from the commencement of operations on 20th January 2013 to 30th June 2013.

The ONRSR is a body corporate established under the *Rail Safety National Law (South Australia) 2012* (RSNL) and under the Law is not subject to Ministerial direction in the exercise of its functions and powers. The RSNL requires the Regulator to deliver to the responsible Ministers a report on the ONRSR's activities for the financial year.

This report reflects the rail safety performance and activities of the ONRSR incorporating those jurisdictions in which the ONRSR had legal coverage of regulation, namely South Australia, NSW, Northern Territory and Tasmania for this reporting period. It is anticipated that the remaining States will empower the ONRSR in 2013–14.

The report is structured in three parts. The overview section includes our purpose, governance structures, summary of major achievements and summary financial report. Part A covers national regulatory activities and Part B covers regulatory activities at State level.

The ONRSR welcomes feedback on its report, please email [contact@onrsr.com.au](mailto:contact@onrsr.com.au).

## Aim

To enhance and promote rail safety through effective risk based regulation.

## Values

Our values guide and inform the internal culture and external business conduct of the ONRSR.

INDEPENDENCE	We are independent from industry, political and individual influences
CO-REGULATORY	We support and encourage industry to operate safely and enforce compliance with the Law
EFFECTIVE	We are committed to working cooperatively with industry to improve rail safety
CLARITY	We actively engage and communicate with the rail industry and other stakeholders, and are unambiguous in the decisions we make
FAIRNESS AND INTEGRITY	We are open and honest in all we do and act with integrity at all times
LEADERSHIP	We are committed to building and maintaining a positive team culture between regulator and industry for a shared purpose on safety
RESPECT	We show respect for others at all times, value our people and support professional and personal development so that we attract the highest quality of people to our workforce



## STANDING COUNCIL ON TRANSPORT AND INFRASTRUCTURE

Dear Ministers

It is my pleasure to submit to you the inaugural annual report of the Office of the National Rail Safety Regulator (ONRSR). The report is also separately provided to all participating jurisdictional Ministers for Transport for tabling in the respective parliaments.

The ONRSR commenced operations on 20th January 2013. As such, this report covers less than a six month period.

The ONRSR Annual Report 2013 has been prepared in accordance with the requirements of the *Rail Safety National Law (South Australia) 2012* (RSNL).

This report uses the ONRSR's legislative objectives under the RSNL to frame a review of its performance. Next year's report will be against delivery of the goals of the ONRSR *Corporate Plan 2013-16*, which has been endorsed by the Standing Council on Transport and Infrastructure and promoted to stakeholders.

Yours sincerely

Rob Andrews  
*Chief Executive*



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# OVERVIEW

## Chief Executive's Message

This is the first Annual Report for the Office of the National Rail Safety Regulator (ONRSR), having commenced operations on 20th January 2013. It covers less than 6 months of ONRSR operation. In that period, we have set out our Corporate Plan for the period 2013–2016 and are positioning ourselves to publish the first Annual Safety Performance Report by December 2013.

### COMMENCEMENT OF THE ONRSR

The creation of the ONRSR is the outcome of a national transport reform supported by the collective Australian Governments through an Intergovernmental Agreement and by industry.

The establishment of ONRSR was overseen by a Project Reform Board formed from representatives of each jurisdiction and the Commonwealth. The Reform Board worked within the Intergovernmental Agreement to set the initial budget of the ONRSR, the contribution to be recovered from each State and rail operators in each State, the broad structure and size of the ONRSR national office, and the arrangements by which staff acting on behalf of ONRSR were to be engaged.

The ONRSR is a body corporate created and empowered through the enactment of the *Rail Safety National Law (South Australia) 2012 (RSNL)*, with its scope enacted through legislation in New South Wales, Tasmania and Northern Territory.

The ONRSR has varied duties under law. In essence, it is charged with enforcing compliance with the RSNL, encouraging rail safety improvements across Australia, reducing the bureaucracy that operators have faced in obtaining multiple accreditations for each state in which they operate, and providing the environment in which industry can harmonise standards to increase productivity and reduce costs.



### STATE ENTRY INTO THE ONRSR

As of 30th June, the RSNL has yet to be enacted in Victoria, Queensland, the ACT and Western Australia, though law has been passed in Victoria and will be enacted once a Service Level Agreement (SLA) between the Minister for Public Transport Victoria, the Director Transport Safety Victoria, and the National Rail Safety Regulator is in place.

Considerable pre-work by the ONRSR project team positioned the ONRSR to take up its responsibilities from 20th January 2013. However, the staggered timing at which the various States and Territories have and will adopt the RSNL, has required considerable attention, support, cost and effort from the newly formed ONRSR team, detracting from its capability to truly act as the National Safety Regulator. Much of the approach that the ONRSR is developing requires all jurisdictions to have enacted the RSNL before the ONRSR can operate in a fully effective manner and industry can reap the benefits expected from the national reform.

That said, I pay compliment to the staff from the pre-existing regulators, who are now either employees of the ONRSR or provide a continued service to the ONRSR under a SLA, who have continued to regulate rail safety during this period of significant change. I also thank the industry and unions for their frank dialogue and support throughout this period. It has been much appreciated.

## CO-REGULATORY APPROACH OF THE ONRSR

The ONRSR approach to regulation is 'co-regulatory'. By that it recognises that each party connected with rail safety has certain legal responsibilities. Within those constraints, it aims to support the wider rail industry to deliver on its safety obligations and to progressively reduce any unnecessary regulatory burden.

## STAKEHOLDER LIAISON AND SUPPORT

A key focus during this establishment phase has been to ensure that sound relationships are formed with key stakeholders. To this end a number of stakeholder forums have been established which meet regularly and have assisted in setting the strategic direction of the ONRSR, and in regulating according to the RSNL. I take this opportunity to thank all stakeholders for their support and valuable input during the last six months.

## SAFETY AND REGULATORY ISSUES ADDRESSED

Between January and June, major achievements by the ONRSR included working with Sydney Trains, NSW Trains and the Abt Railway Ministerial Corporation (West Coast Wilderness Railway) in Tasmania, to ensure that all requirements were in place to enable their accreditations to be granted in a timely manner and with the Rail Commissioner of South Australia to be able to grant phased variations to their accreditation leading to the operation of electric trains in Adelaide.

The ONRSR has been able to draw on a depth of expertise across the whole organisation and has worked closely with a number of operators following incidents. I am pleased with the improvements we are seeing from these joint efforts.

The pre-existing regulatory oversight programs in each jurisdiction have continued during this period with the introduction and support of the policy and governance functions of the national office. Despite the impacts of transition, the overall level of rail safety in participating states has been maintained.

Further work is still required in the coming year to bring the ONRSR business systems to a fit-for-purpose standard.

Following unanimous agreement by SCOTI members, the ONRSR's first fee regulation was made in June, allowing for the issue of one invoice to ONRSR accredited operators.

## FORWARD DIRECTIONS

I am very pleased with the achievements so far, in so little time, and I thank the team and all stakeholders for their contributions.

I am also very much looking forward to the opportunities that lie ahead for the ONRSR in fulfilling its responsibilities under the RSNL and in meeting the expectations of the rail reform. To achieve this, the Corporate Plan 2013–2016 sets both a challenging and ambitious agenda for the ONRSR. I am confident that with the strong leadership provided by the management board and executives, the capability of the ONRSR employees and those delivering services on our behalf through a service level agreement, and the support of our stakeholders, we will succeed in our intent.



**Rob Andrews**

Chief Executive

## Who we are

The Office of the National Rail Safety Regulator (ONRSR) was established in July 2012 and commenced operations on 20th January 2013 with the responsibility for regulatory oversight of rail safety law in the jurisdictions of South Australia, New South Wales, Tasmania, and the Northern Territory. Subject to the passage and enactment of applied or mirror legislation, it is expected that Victoria, Queensland, the Australian Capital Territory and Western Australia will also be regulated by the ONRSR during 2013–2014.








The ONRSR is a body corporate with perpetual succession, and represents the Crown in each jurisdiction where it is established under state or territory law. The ONRSR reports to the Standing Council on Transport and Infrastructure. During this reporting period, it was also bound by the provisions stipulated in the COAG Intergovernmental Agreement on Rail Safety Regulation and Investigation Reform.

Between January and June 2013, the ONRSR delivered rail safety regulation through staff in a national office in Adelaide, branch offices in Adelaide and Sydney, and regional offices in Darwin and Hobart.

As at June 2013, 38 staff were employed by the ONRSR and 62 staff provided services to the ONRSR through a Service Level Agreement.

## What we do

The ONRSR's responsibilities include:

-  accrediting Australian rail transport operators and approving variations to existing accreditations
-  compliance monitoring and enforcement of Rail Safety National Law
-  promoting better safety practices and technologies to industry
-  providing specialist advice to the rail industry
-  provision of reports to the Standing Council on Transport and Infrastructure
-  liaising with stakeholders through forums and events
-  central coordination and development of regulatory policies and procedures for ONRSR staff.




In 2013, the ONRSR also provided assistance to jurisdictions whose rail regulation is yet to transition to the ONRSR.







## Our statutory framework

The ONRSR's principal governing framework is outlined in the *Rail Safety National Law (South Australia) 2012*.

The regulator's guiding objectives under the Act are to:

-  facilitate the safe operation of rail transport in Australia
-  exhibit independence, rigour and excellence in carrying out its regulatory functions
-  promote safety and safety improvement as a fundamental objective in the delivery of rail transport in Australia.

The ONRSR has responsibilities under the following South Australian legislation:

-  *Freedom of Information Act 1991*
-  *Ombudsman Act 1972*
-  *Public Finance and Audit Act 1987*
-  *State Records Act 1997*.

## Our operational context

The ONRSR's national office is in Adelaide and regulatory staff deliver its services through branch and regional offices. During 2013, two branch offices were operational, reflecting the status of participating states. These were Central Branch which oversaw operations in South Australia, Northern Territory and Tasmania and the NSW Branch. Staff in the national office and Central Branch are employed by the ONRSR. The NSW Branch provides its regulatory services under a non-legislative Service Level Agreement.

For an overview of the Australian rail industry's safety performance, the ONRSR's Rail Safety Report 2013 will be available on the ONRSR website in December 2013.

For an overview of the ONRSR's stakeholders, see page 12.

## Our resources

The ONRSR received \$11.1m from jurisdictions which included the accreditation fees they had collected from industry for the period 20th January 2013 to 30th June 2013. The ONRSR's primary expenditure items were the Service Level Agreement (SLA) payments to the Independent Transport Safety Regulator (ITSR), salaries and operational costs, including rent payments, and the maintenance of IT systems.

A payment of \$4.77m was received from the project office establishment fund to cover the transition costs of accommodation and IT systems for the jurisdictions yet to join the ONRSR.





## Governance

### ONRSR

Under Rail Safety National Law, the ONRSR comprises the National Rail Safety Regulator (NRSR)/ Chief Executive, and two Non-Executive Members. These three appointments, made by the South Australian Minister on the unanimous advice from responsible Ministers, are hereafter collectively referred to as the Board. The Board is responsible for acting in the best interests of the ONRSR, consistent with its objectives, functions and legislation. The Board provides strategic direction and performs core governance functions which include; annual reporting, development of annual budget and performance indications. The Board oversee management of the ONRSR business and operations. The legal authority for specific regulatory actions is vested in the NRSR only.

Between January and June 2013, the Board met five times and discussed the current working arrangements of the ONRSR, its governance and the future directions of the ONRSR subsequently reflected in the Corporate Plan and Statement of Intent, provided delegated responsibility to the Audit and Risk Committee, oversaw the financial operations, and provided support to the Chief Executive in relation to issues and concerns of transitioning jurisdictions.

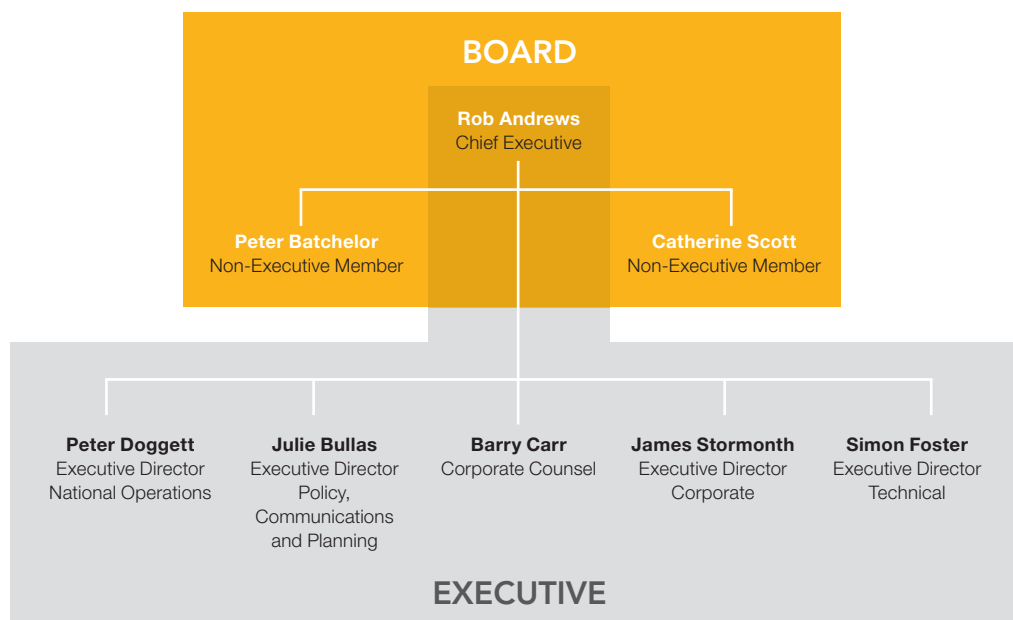
The Board also endorsed the following:

-  Statement of Intent
-  Corporate Plan 2013–16
-  Corporate and financial policies
-  Proposed fee regulation.

## EXECUTIVE

The ONRSR's Executive comprises the Chief Executive and five Executive Directors.

The organisational chart depicting the current Board and Executive structure is below.



Between January and June 2013, the Executive met frequently and discussed the ONRSR's strategic directions; operational, policy and legislative issues; safety intelligence; safety improvement; and transitional issues. A key focus has been building a new team and culture in line with the ONRSR values, and structurally reorganising to more fully incorporate the expertise of the members of the NSW Branch Office which operates under a Service Level Agreement.

## THE TEAM

The ONRSR national office is supported by two branch offices – the Central Branch and NSW branch. Central Branch, staffed by ONRSR employees, undertakes local regulatory activities in South Australia, Tasmania and the Northern Territory. The NSW branch undertakes local regulatory activities on behalf of the ONRSR by staff of ITSR under a SLA. Further branches will be opened to serve the local needs of Victoria, Queensland, ACT and Western Australia when the RSNL is enacted in those states and territory. The ACT will be regulated by the Central Branch.

The full complement of staff undertaking the ONRSR functions is expected to reach approximately 170 once all states and territories are regulated by the ONRSR.

Reflecting a cautious approach to recruitment and finance pending the passing of Law in the remaining jurisdictions, the complement of National Office staff grew from 19 on 20th January to 26 at financial year end.

## GOVERNANCE STRUCTURE

Supporting the Board and Executive is a governance structure comprising internal and external committees together with policies and procedures including delegation of authorities. These are outlined below.

### INDEPENDENT AUDIT AND RISK COMMITTEE

The independent Audit and Risk Committee comprises two members; Catherine Scott, ONRSR Non-Executive Member who chairs the committee; and Malcolm Renney who has extensive banking sector experience in risk management.

The Auditor-General or his representative is invited to attend each meeting.

The Committee reports regularly to the Board. It has met twice during the January – June reporting period and reviewed the risk management framework, policy and procedures, and the risk register. It has provided strategic advice on improving governance arrangements and reviewed the preparation and completion of the ONRSR's financial statements.

### INTERNAL STEERING COMMITTEES

The ONRSR has two internal senior decision-making committees – the National Operations Committee (NOC) and the Data and Policy Committee (DPC).

The NOC is led by the Executive Director Operations and comprises senior operational staff from each state and territory. The NOC is the vehicle for developing a consistent approach to regulation. For an outline of work undertaken by the NOC, see page 20.

The DPC is led by the Chief Executive and comprises senior staff from the operational, technical, policy, intelligence and strategy areas. The DPC develops rail safety policy, strategy and safety improvement initiatives, and directs data collection, analysis and reporting activity. For an outline of work undertaken by the DPC, see page 26.





### DELEGATION OF AUTHORITIES

A framework of delegation is in place so that day-to-day powers of the NRSR can be executed by the Executive Director National Operations, Branch Directors and operational staff (Rail Safety Officers).

### CORPORATE RISK MANAGEMENT

The ONRSR is committed to ensuring it has the necessary expertise, policies, processes and agreements in place and takes a proactive approach to identifying its risks and implementing appropriate mitigation strategies. Whilst there is a shared responsibility throughout the organisation, management of risk is overseen by the ONRSR Audit and Risk Committee. The ONRSR maintains a detailed business risk register. Regular reviews of policies, procedures, finance, operational practice and performance under SLAs will be undertaken.

Identified key risks that the ONRSR is actively working to mitigate include:

-  delays in transition of the remaining jurisdictions to regulation by the ONRSR
-  a lack of national regulatory consistency
-  an inability to attract and retain specialist staff
-  accessibility and preparedness of IT business systems to support the national regulatory reporting and records management requirements.

## STATEMENT OF INTENT

The ONRSR is required to set out a Statement of Intent for agreement by the Standing Council on Transport and Infrastructure (SCOTI). The full Statement of Intent, as agreed by SCOTI in May 2013, is available on the ONRSR's web site at [www.onrsr.com.au](http://www.onrsr.com.au).

The Statement outlines the key stakeholders of the ONRSR as the responsible ministers comprising SCOTI, individual jurisdictional ministers, industry and its representative associations, the Rail, Tram and Bus Union (RTBU), jurisdictional government departments and the Australian Transport Safety Bureau (ATSB).

It notes the ONRSR's key functions as being to improve rail safety for the Australian community, decrease the regulatory burden on industry, provide seamless national safety regulation, and enforce regulatory compliance with rail safety legislation.

It also refers to the goals of ONRSR, reflected in its Corporate Plan 2013–16, which are to:







-  maintain and improve rail safety through risk based regulation
-  reduce regulatory burden on industry
-  promote greater self-regulation by industry
-  prepare for and support the entry of other State regulators into the ONRSR
-  promote safety awareness and safety improvement initiative
-  develop and enable our people to optimise internal capability and organisational effectiveness.

To achieve these goals, the ONRSR aims to maintain and improve rail safety through consistent risk-based application of the Law across jurisdictions, sharing and improving regulatory practice and developing strong stakeholder relationships and engagement.

## REGULATORY APPROACH

The ONRSR's regulatory approach articulates how it regulates with the view to achieving its purpose and objectives. The full document is available at [www.onrsr.com.au](http://www.onrsr.com.au).

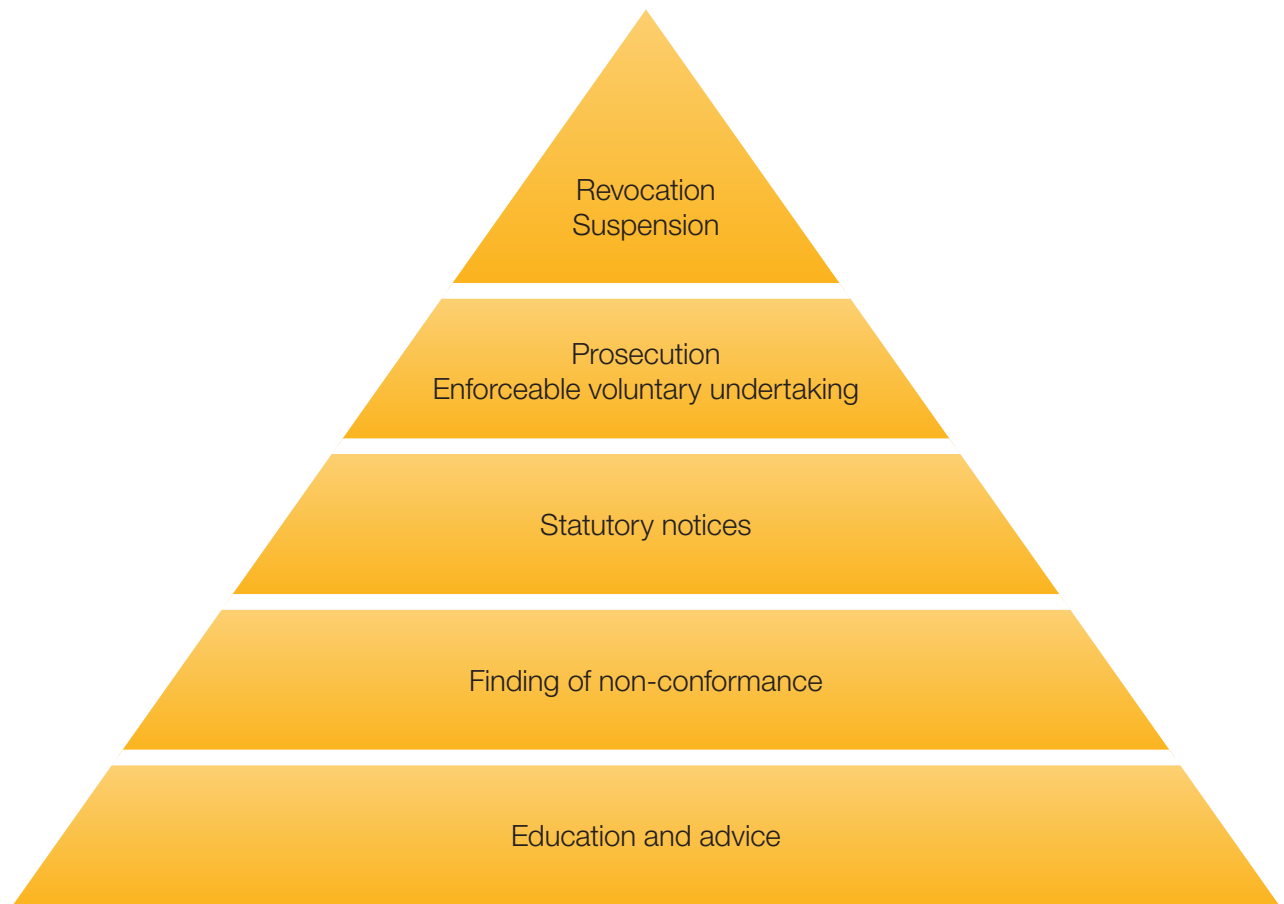
Key principles of the ONRSR's regulatory approach are as follows:

-  **Independent and impartial:** We are independent from industry, political and individual influences and act without bias in the best interest of rail safety and consistent with our functions.
-  **Risk-based:** Regulatory effort and compliance activity is commensurate with risk, which means that we align our priorities and regulatory activity with the highest risk and potential for improvement.
-  **Educational:** ONRSR, through its safety improvement strategy proactively engages in encouraging, collaborating and supporting the wider industry to enable duty-holders under the law to improve their knowledge, skills and standards to prevent accidents and unsafe conditions.
-  **Proportionate compliance and enforcement:** ONRSR's compliance and enforcement policy is predicated upon response to safety issues being proportionate to the risks and potential benefit to safety.
-  **Transparent, fair and accountable:** Rail transport operators know what, why and when we take safety action and these actions are predictable and proportionate.
-  **Consistent:** We are consistent with our risk-based decision-making and like situations will be treated in a like manner as much as possible, no matter where they arise under the ONRSR.

These principles aim to support regulatory effectiveness and efficiency by supporting a transparent and collaborative relationship with the rail transport industry and continual improvement in rail safety.

The ONRSR prefers to achieve outcomes by providing support and collaboration on risk-based safety improvement initiatives to encourage industry to build the capacity to

improve its performance voluntarily and collectively. Given this, the tools of first resort are to influence and support industry on risk management initiatives as well as provide any tools and guidance that are required. If further regulatory action is required, the ONRSR will use those regulatory tools and provisions as articulated under RSNL. This approach is depicted in the below diagram:













## Summary performance against legislative objectives






LEGISLATIVE OBJECTIVES	PERFORMANCE SUMMARY
<b>Objective 1:</b> <b>Facilitate the safe operation of rail transport in Australia</b>	<p>Delivered state based regulatory audit and investigation programs</p> <p>Progressed national accreditations for multi-jurisdictional operators</p> <p>Established the ONRSR drug and alcohol testing program for post-incident and programmed testing to commence in August 2013</p> <p>Set up a national register of accreditations</p> <p>Determined nationally consistent positions on private sidings, work programs, and promoted vision on national safety risk model development</p> <p>Established and commenced work of the National Operations Committee to support consistent regulatory approaches and nationally coordinated operational decision-making</p> <p>Provided transition support for state regulatory bodies yet to transition to the ONRSR</p> <p>Delivered guidance for operators on what constitutes 'So Far as is Reasonable Practicable' (SFAIRP) which underpins rail safety legislation</p>
<b>Objective 2:</b> <b>Exhibit independence, rigour and excellence in carrying out its regulatory functions</b>	<p>Established independent Audit and Risk Committee</p> <p>Developed 107 internal and external policies and procedures for regulatory practice and stakeholder compliance</p> <p>Progressed IT system development</p>
<b>Objective 3:</b> <b>Promote safety and safety improvement as a fundamental objective in the delivery of rail transport in Australia.</b>	<p>Initiated and conducted a range of industry stakeholder forums</p> <p>Delivered safety improvement workshops on asset management and road/rail vehicle interface</p>

# Highlights/Challenges

## HIGHLIGHTS

-  Positive influence on safety culture and approach through engagement with Rail Transport Operators (RTOs)
-  Progress on consolidation of conditions for national accreditation of multi-jurisdictional operators
-  First ONRSR fee regulation setting track-based fee rates for Australian railway operators made in June 2013
-  Agreement with the Rail Industry Safety and Standards Board (RISSB) on key mutual priorities such as rail-road vehicle and train detection safety issues and guidance for making safety decisions
-  Promotion by RISSB of ONRSR's 'So Far as is Reasonable Practicable' guidance for operators on compliance with rail safety legislation
-  Establishment and conduct of industry stakeholder forums
-  Publication of ONRSR's Statement of Intent and ONRSR Corporate Plan 2013–16
-  Development of ONRSR's Regulatory Approach
-  Approval of 107 ONRSR policies and procedures to guide regulator and operator practices and support the operations of the ONRSR
-  Building the ONRSR team

## CHALLENGES

-  Commencing operations as a new organisation with widespread geographic responsibilities
-  Managing operational issues, which always take precedence, with the high work load and cost associated with transitioning jurisdictions that have not yet joined the ONRSR. Until all jurisdictions are part of the ONRSR the full effect and benefits to safety and efficiencies in operations of a national rail safety regulator cannot be realised
-  Ensuring retention and acquisition of the wide skills sets and experience required to discharge responsibilities
-  Building and maintaining a shared understandings of strategic direction and culture
-  Developing supporting IT and business systems and processes that are fit for purpose for national application.



## Our stakeholders

The following reflects key ONRSR stakeholders as at June 2013. It recognises that the ONRSR's primary stakeholder is the Australian public who are represented through government ministers, government forums/bodies and agencies.

STAKEHOLDER	ROLE/FUNCTION	WHAT ONRSR DELIVERS
Standing Council on Transport and Infrastructure (SCOTI) and Transport and Infrastructure Senior Officials Committee (TISOC)	Ministerial body comprising all State and Federal Ministers for Transport and Infrastructure  Executive officer level committee supporting SCOTI through advice and coordination of briefings	Efficient and effective regulation of rail safety in Australia  Monitoring and reporting of national rail safety issues  Status on transition of rail regulation to ONRSR  Proposals for fee regulations to recover industry costs  Corporate Plan and Statement of Intent
National Transport Commission	Inter-governmental agency charged with improving the productivity, safety and environmental performance of Australia's road, rail and intermodal transport system	Advice and liaison on previous and future regulatory reforms
Australian Transport Safety Bureau	Independent Commonwealth Government statutory agency that conducts national rail safety investigations	Response to safety issues referred through the ATSB's confidential reporting (REPCON) system  Information and support in regard to accident notification and rail safety investigations  Liaison on rail safety and regulatory response issues
Rail Industry Safety and Standards Board	Owned by the Australasian Railway Association (ARA) and responsible for the development and management of the rail industry standards, rules, codes of practice and guidelines, all of which have national application  Accredited by Standards Australia as a Standards Development Organisation	Support to promote harmonisation, standardisation and interoperability of industry practice and systems to benefit safety  Work with RISSB to develop and promote safety improvement initiatives, including the development of guidelines and standards
Australasian Railway Association	Body representing passenger, freight, track operators and the wider rail supply industry in Australia, New Zealand and Indonesia	Consultation on rail safety regulatory and policy

STAKEHOLDER	ROLE AND FUNCTION	WHAT ONRSR DELIVERS
Australian Tourist and Heritage Railway Association	National body representing Australian tourist and heritage rail organisations	Provision of advice and support on rail safety Consultation on rail safety policy
Rail operators	Includes senior management and safety personnel across all forms of rail transport in Australia	Monitor and oversight of industry application of rail safety legislation and industry rail safety standards through enforcement activities  Assistance to improve operators' safety risk management practices through education and the provision of tools  Development and enactment of rail safety policy  Development of proposals for cost recovery
Rail Tram and Bus Union	Represents transport industry workers in Australia on industrial matters including safety	Support for safety of railway safety workers through enforcement of rail safety legislation and safety improvement services  Development and enactment of rail safety policy  Development of proposals for cost recovery
Media	Includes print, on-line and radio channels	Credible and independent national rail safety information

# Rail safety regulatory reform timeline

See page 53 for glossary of terms

## March 2008

COAG agrees to the *COAG Reform Agenda: Reforming and Investing for the Future*, including rail safety regulation reform.

## December 2009

COAG votes to establish single national regulators for heavy vehicles, rail safety and maritime safety as well as a national rail safety investigator.

## February 2010

Creation of the Project Office in Adelaide to develop the national rail safety legislation and establish the ONRSR by January 2013.

## April 2010

Australian Transport Council (ATC) confirms the ONRSR's objectives and functions, structure, reporting and consultation requirements and national office location in Adelaide.

## September 2010

Establishment of an Expert Panel to make recommendations to SCOTI on outstanding policy issues for drug and alcohol and fatigue management for rail safety workers.

## May 2011

SCOTI considers proposal for the National Rail Safety Regulator (NRSR) role as the central regulatory decision-maker on rail safety regulation and issuer of rail safety accreditations nationally and agrees to the recommendations of the Expert Panel on policy issues relating to drug, alcohol and fatigue management under national rail safety law, including issues for further resolution.

## August 2011

COAG signs *Intergovernmental Agreement on Rail Safety Regulation and Investigation Reform*.

## Nov 2011

SCOTI unanimously approves the draft Rail Safety National Law for progression through the South Australia Parliament, and to be applied in all other jurisdictions.

## May 2012

SCOTI agrees to the cost recovery model for rail operations from July 2013 under the NRSR and to review the model after three years of operations; reconfirms that tourist and heritage rail operators will be included under the NRSR's oversight under the national rail safety framework; and agrees to the proposed NRSR's drug and alcohol post incident and risk-based testing program.

SCOTI appoints Rob Andrews as the inaugural National Rail Safety Regulator.

## November 2012

SCOTI appoints two Non-Executive members to the ONRSR, Catherine Scott and Peter Batchelor and unanimously approves the national regulations in support of the Rail Safety National Law.

## 18 January 2013

Project Office ceases operation.

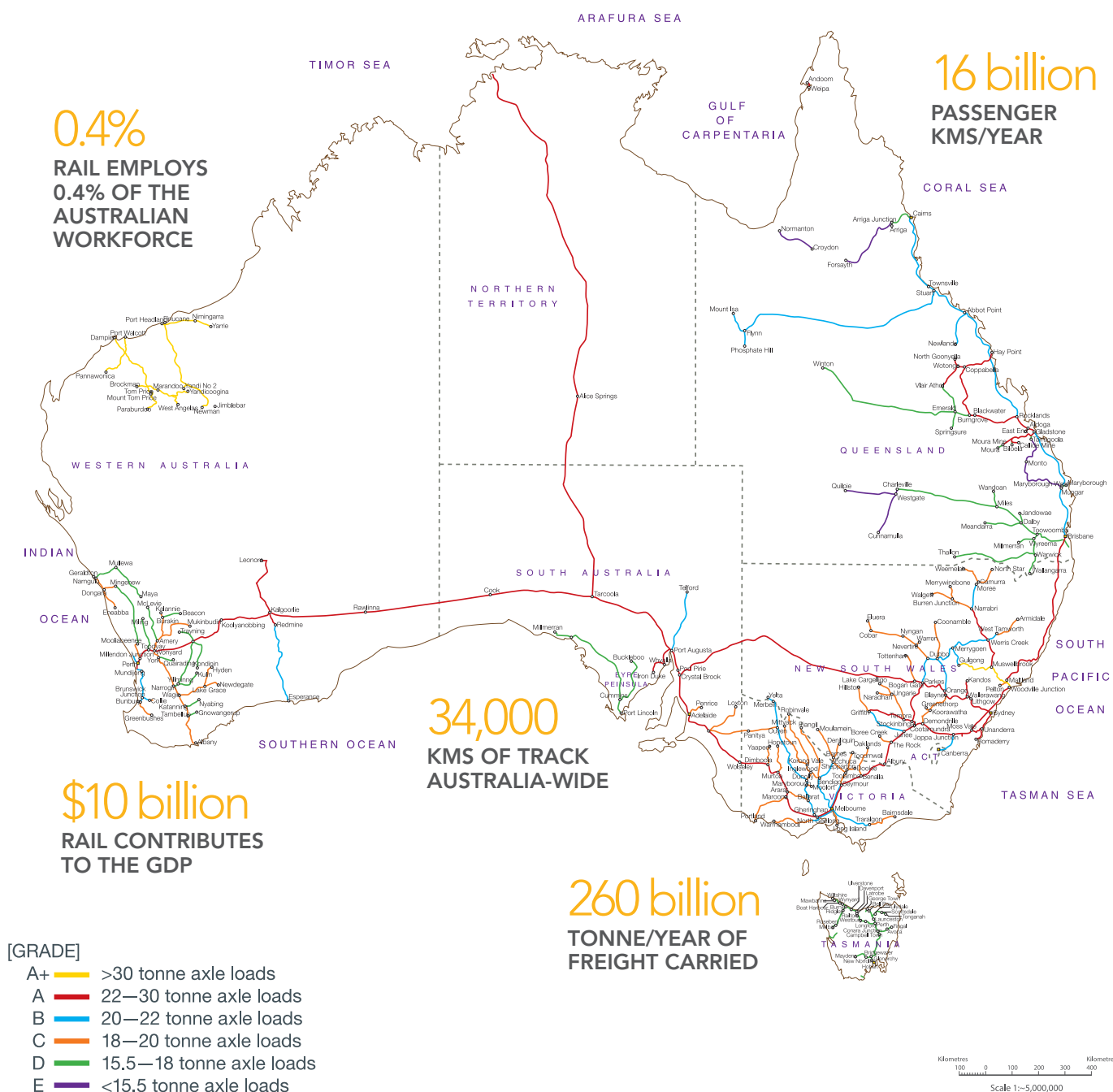
## 20 January 2013

ONRSR commences operation.

# Industry safety performance

## AUSTRALIAN RAIL INDUSTRY CONTEXT

The map depicts the rail networks operating across Australia.



Source: Australasian Railway Association (ARA) 2004

## RAIL INDUSTRY SAFETY PERFORMANCE DATA

The table below provides initial high level data on the rail industry safety performance within the remit of the ONRSR during the reporting period. The first ONRSR Annual Safety Report will be issued by December 2013. This report will provide a more in depth analysis of safety performance.

Rail safety contexts by state are outlined in more detail in the jurisdictional overviews in Part B (page 27).

STATE	PERIOD	CATEGORY A OCCURENCES	CATEGORY B OCCURENCES	FATALITY	INJURY
South Australia	20 Jan–30 Jun13	18	1,917	1	13
Tasmania	20 Jan–30 Jun13	5	191	0	0
Northern Territory	20 Jan–30 Jun13	1	121	0	0
New South Wales	20 Jan–30 Jun13	46	11,389	11	182
<b>TOTAL</b>		<b>70</b>	<b>13,618</b>	<b>12</b>	<b>195</b>

See footnote 1 and 2.

### CATEGORY A AND CATEGORY B OCCURRENCES

Under the RSNL, rail transport operators must report notifiable occurrences. Regulation 57 defines two categories of occurrence for the purpose of reporting. Category A, which must be verbally reported to the Australian Transport Safety Bureau (ATSB) immediately, and then in writing to the ONRSR within 72 hours, and Category B which must be reported to the ONRSR in writing within 72 hours. The ATSB inform the ONRSR upon notification of a Category A event.

### FATALITIES AND INJURIES

Fatalities and injuries can involve staff employed by railway companies, railway passengers or members of the public affected by railway operations. The *ONRSR Occurrence Notification Standard (ON-S1)* provides guidance to support Regulation 57 on the types of occurrences that are reportable and what data items must be included with these reports. Where a casualty occurs in conjunction with an occurrence, details of this casualty must also be provided to the ONRSR.

There have been 12 reported fatalities on the ONRSR regulated network in the reporting period, excluding those directly associated with a health-related condition, events or suspected drug overdose. These 12 are made up of 10 suspected suicide incidents and two trespasser events.

There have been 195 serious injuries notified during the reporting period. ON-S1 defines a serious injury as one requiring admission to hospital. This information is not always known at the time of occurrence notification. For the purposes of this report, the occurrences have been reviewed and those appearing to have involved an injury likely to require admission have been included.

1. Occurrences related to non-fatal injuries associated with slips, trips, falls and assaults on railway property are counted within the Category B numbers. 2. A small number of incidents have not been included in the above data due further clarification required on data reported to the ONRSR by industry. These predominately relate to non-negative drug and alcohol testing results and irregularities in work scheduling.

## Financial summary

ONRSR's detailed audited financial statements are on page 33.

The ONRSR showed a net result of \$7.085 million. Included in this net result is the balance of \$3.849 million transition funding received from the Commonwealth for the transition of branch offices in Victoria, Queensland and Western Australia. As this balance will be spent in the following year, a reserve for transition expenses has been established in the financial statements. The remainder of the net result was deliberately preserved by ONRSR to secure solvency pending SCOTI's decision in May relating to the timing of Government contributions and industry payments. In addition, the ONRSR has taken a graduated approach to the filling of head office positions to coincide with the staggered transition of jurisdictions joining the ONRSR. In following years, we do not intend to carry this size of surplus.

The major income items were fees and charges (\$11.129 million) and the receipt of the balance of the transition funding for future branch offices (\$4.8 million).

The two major expenditure items were the payment of SLA payments to the Independent Transport Safety Regulator (ITSR) for staff forming the NSW Branch of the ONRSR (\$5.969 million) and employee benefit expenses (\$2.814 million).

As referred to in the Statement of Financial Position, the cash and cash equivalents balance of \$5.806 million includes the balance of monies held for transition costs (\$3.849 million which will not be used for general ONRSR operations).

## Forward annual priorities 2013–14

Our forward annual priorities are guided by the goals of our Corporate Plan 2013–16, as outlined below.

GOAL 1	Maintain and improve rail safety through a risk-based approach to regulation
GOAL 2	Reduce regulatory burden on industry
GOAL 3	Promote greater self-regulation by industry
GOAL 4	Prepare for and support the entry of other state regulators into the ONRSR
GOAL 5	Promote safety awareness and safety improvement initiatives and research
GOAL 6	Develop and enable our people to optimise internal capability and organisational effectiveness

The ONRSR Corporate Plan can be accessed on the ONRSR website at [www.onrsr.com.au](http://www.onrsr.com.au)

# PART A

## ONRSR NATIONAL PERFORMANCE





The ONRSR's national performance is reported against the organisation's objectives set out in the *Rail Safety National Law (South Australia) 2012* (RSNL). Future reports will be against the milestones and goals of the *ONRSR Corporate Plan 2013–16*.

### Objective 1

## Facilitate the safe operations of rail transport in Australia

#### CONTEXT

The main purpose of the RSNL is to provide for safe railway operations in Australia. The key objects of the RSNL include:

-  To make provision for a national system of rail safety, including a scheme for national accreditation of rail transport operators in respect of railway operations;
-  To provide for the effective management of safety risks associated with railway operations;
-  To provide for the safe carrying out of railway operations; and
-  To promote the provision of advice, information, education and training for safe railway operations.

In order to deliver on the goal of delivering a risk based approach to regulation, it is vital that data on safety risk is collected and generated at both local and national levels. Structures and processes are required to develop broader safety intelligence that focuses regulatory activities on risk based priorities.

Acknowledging the practical limitations of having this risk based approach to regulation in place for regulatory activities from 20th January 2013, it was decided that the existing regulatory work program developed by the previous state-based regulators would continue to be followed for the remainder of the financial year. This meant that the safety priorities established within each of the states remained the focus within the respective jurisdictions. See Part B for more details of State-specific activities (page 27).



## KEY ACHIEVEMENTS

### NATIONAL RAIL SAFETY REGISTER OF ACCREDITATION AND NOTICE DETAILS

One achievement for this period demonstrating the benefit of the new national regulatory regime has been the establishment of a national register of accreditation information on the ONRSR website. Compliant with section 42 of Rail Safety National Law (RSNL), the register provides summary information about the accreditation, registration and exemption of rail transport operators, including information about any variation, cancellation, suspension and expiry of an accreditation, registration or exemption and information about improvement, prohibition and non-disturbance notices issued to these operators or to any person.

The purpose of the register is to ensure that ONRSR actions are transparent and provide a public record of the activities of the ONRSR and railway operations.

### ONRSR DRUG AND ALCOHOL TESTING PROGRAM

Under RSNL, the ONRSR has the power to establish a Drug and Alcohol testing program to test that rail safety workers are complying with legislative requirements and are not undertaking rail safety work whilst under the influence of drugs or alcohol. The program also monitors the actions of rail transport operators on the effectiveness of their Drug and Alcohol Management Plan. This program is intended to complement rail transport operator and police testing.

During the reporting period, the ONRSR set up the scheme, with operation to commence with drug testing in August 2013. The D&A testing program will consist of post-incident testing of rail safety workers in response to notifiable Category A incidents under the RSNL (for example, fatal accidents, derailments, collisions, etc) and programmed (non-incident related) testing of rail safety workers. Programmed testing includes both intelligence-led risk-based testing and random testing.

### ESTABLISHMENT OF A NATIONAL OPERATIONS COMMITTEE

An important step towards full national co-ordination of rail safety matters was the establishment of the National Operations Committee (NOC). The NOC is chaired by the Executive Director National Operations and includes ONRSR Branch Directors from NSW and Central branches as well as representatives from those state-based regulators still to join the ONRSR.

This Committee has achieved some significant milestones as at June 2013 in harmonising the approach to rail safety in different states, including reaching nationally consistent positions on issues associated with private sidings, work programs and risk models.

## NATIONAL REGULATORY WORK PROGRAM









One of the key early successes of the ONRSR was the drafting of a national regulatory work program to take effect in the second half of 2013. This program (which will be further refined as our data strategy and safety intelligence matures) is a significant improvement in terms of prioritising tasks based on a common risk approach as well as minimising duplicated application of resources across the country. It also has the benefit of optimising resources by providing the level of skill and expertise available in the ONRSR for State-specific regulatory activities and incident responses.

## REGULATORY SERVICES

Between January – June 2013, the ONRSR made progress towards consolidating the accreditations of multi-jurisdictional operators. As at June 2013, four such accreditations had been issued.

Whilst there are major benefits to industry in consolidating their accreditation notices, it is important to note that any such consolidation relies upon the rail transport operator being able to demonstrate a single and consistent safety management system that applies in the different states for which they are seeking consolidation.

The following table reflects ONRSR's operational activity statistics for its accreditation services as at 30 June 2013:

OPERATIONAL MEASURE	JANUARY – JUNE 2013
Total number of Rail Transport Operators accredited by ONRSR	106
Total number of open applications	25
 accreditations	7
 variations	14
 exemptions	3
 surrenders	1
Total number of completed applications	15
 accreditations	5
 variations	7
 exemptions	1
 surrenders	2

Statistics on audits, inspections, investigations and prosecutions are provided by State in Part B. In 2013–14 these regulatory services will be reported on as national as well as State specific aggregates reflecting ONRSR's national work plan and coordination of operational resources.

## TRANSITION OF REMAINING JURISDICTIONS

As part of the rail safety reform process, each State has worked collaboratively to develop the legislative and regulatory framework for a national system of rail safety.

As part of that process, each State is required to adopt the national legislation as part of their State legislative framework and determine how their state rail safety officers will form part of the national office.

When the ONRSR began its operations in January 2013, South Australia, Tasmania, the Northern Territory and NSW Governments had fully implemented these arrangements. Rail Safety Officers from the first three States are now employed as ONRSR staff directly accountable to the National Rail Safety Regulator. NSW Rail Safety Officers provide their regulatory services under a Service Level Agreement (SLA) with the ONRSR, and thus remain under the employment of the NSW Government, working in accordance with the ONRSR policies, procedures and processes.

Since January, ONRSR has continued to work closely with Victoria, Western Australia, Queensland and the Australian Capital Territory to ensure the transition process for these jurisdictions is as comprehensive and smooth as possible.

Support has been provided to each jurisdiction to ensure that legislation is in place and where required, the terms of Memorandum of Understandings and SLAs specified. Accommodation needs have been considered and where necessary, acquired and fitted out appropriately. Supporting transitional requirements including IT, training, stakeholder engagement, financial management, recruitment and data transfer are being progressed as appropriate.

Senior operational staff from all States, whether their State has joined the ONRSR or is in the process of joining, participate in the monthly meetings of the National Operations Committee, thereby providing national perspectives on rail safety issues and regulatory positions.

Whilst exact dates for each remaining State's entry into the ONRSR are not confirmed as at June 30, legislation was passed in Victoria adopting national law which also reflected its intention to operate under a SLA arrangement. The SLA needs to be in place before the Victorian law is enacted.

The workload associated with transitioning jurisdictions not yet part of the ONRSR is extremely consuming, but secondary to the operational needs to the ONRSR. Until all jurisdictions are operating as part of the ONRSR the full benefits and efficiencies of a national regulator cannot be realised.

It is anticipated that all States will have their legislative frameworks passed and commence operating as part of the ONRSR during 2013–14.

## Objective 2

# Exhibit independence, rigour and excellence in carrying out its regulatory functions

### CONTEXT

The ONRSR operates as an independent regulator and is not subject to Ministerial direction in the exercise of its functions or powers as set out in the Rail Safety National Law.

To support the NRSR in discharging his duties and providing leadership to the ONRSR, governance arrangements and supporting committees have been established during the first six months of operations. Another focus has been in developing supporting governance policies, procedures and systems.

### RISK MANAGEMENT

The ONRSR bases its regulatory and corporate activities on a risk and evidence-based model. For more information on ONRSR risk management practice, see page 7.

The ONRSR has also established an independent Audit and Risk Committee. For more details, see page 7.

### POLICY AND PROCEDURE DEVELOPMENT

Since commencement, a focus has been on developing internal and external regulatory policies for staff and industry to guide consistency of regulatory activities and a common and clear understanding of respective responsibilities and expectations of the ONRSR. Approved policies are available on the ONRSR's website and provide a clear and transparent articulation of ONRSR's approach to its regulatory activities for operators.

During this time, 107 policies and procedures have been developed. These cover a range of topics including audit, compliance and enforcement, exemptions from the national law, as well as work health and safety.

### GUIDANCE FOR OPERATORS

The ONRSR has also prepared and published a number of guidelines and fact sheets during 2013 that provide key information and clarification to the rail industry and the public on legislative, regulatory and technical matters associated with the administration of the ONRSR. Over 11 guidelines and 16 fact sheets on issues such as demonstrating the competency and capacity of rail safety workers, preparation of a rail safety management system, fee calculations and drug and alcohol requirements in NSW are now available on the ONRSR website.

### REVIEW AND COMPLAINTS MECHANISMS

The ONRSR has established protocols for reviewing administrative decisions where an operator seeks a review or appeal of a regulatory decision made under the RSNL. There are four main types of review that can be made – an internal review by the regulator, an external review by a particular court or tribunal, an investigation by the Ombudsman or a judicial review by a court.

During the year, no applications for a review of administrative decisions were received.

The ONRSR also has a complaints mechanism whereby external stakeholders can lodge a complaint about the actions of an ONRSR staff member. During the year, no complaints were received.

## **ONRSR SYSTEM DEVELOPMENT**

The IT systems are a key component in ensuring that the ONRSR is able to carry out its functions efficiently and effectively providing rigour and excellence in its activities. During the first six months of operations there have been some issues in implementing new systems. Extra expertise has been contracted to the ONRSR to support the development and implementation of these systems, however not all systems were fully operational and fit for purpose as at 30 June 2013. It is a priority of the ONRSR to ensure these systems are operational and meet the business needs of the ONRSR as soon as possible.

## **WORKPLACE ARRANGEMENTS**

As the ONRSR has been established under the RSNL as a single national entity, it has one Greenfield Enterprise Bargaining Agreement applying to all employees regardless of location. A major focus has been to ensure the requirements under the EBA have been implemented with particular focus in establishing both Work Health and Safety Committee's and a Joint Consultative Committee to support the organisation's effectiveness and efficiency.

## **INTERNAL STAFF ENGAGEMENT AND SUPPORT**

Being an organisation that stretches across many jurisdictions requires excellence in internal communications. The intranet is a major tool in achieving this and further enhancements are both underway and planned for the coming year.

Communication with all staff has been undertaken in a face to face capacity with the Chief Executive and other members of the Executive team attending all staff sessions in Branch Offices and enabling regional office staff members' access through phone and video-links

## **LEARNING AND DEVELOPMENT**

A wealth of experience, skills and knowledge transitioned to the ONRSR from State Regulator offices at its commencement. The ONRSR intends to maintain and build on such capacity by ensuring all rail safety officers have continuing professional development appropriate for their role and personal development needs. A training and development program for staff is under development.

## **WORK, HEALTH AND SAFETY**

The safety of staff, contractors, visitors and industry is a major priority of the ONRSR.

Since commencement, the ONRSR has implemented a work health and safety (WHS) policy which provides guidance for staff on compliance with work health and safety legislation. Each participating State operates under its state-based work health and safety legislation.

The ONRSR also established a Work Health and Safety Committee chaired by the Executive Director Operations and made up of Head of Human Resources and three staff members. The Committee will meet regularly to review compliance with ONRSR WHS policy and any actions required on WHS issues as raised by staff.

During the reporting period, one WHS issue was raised by ONRSR staff. This related to office chairs and has been satisfactorily addressed.



## Objective 3

# Promote safety and safety improvement as a fundamental objective in the delivery of rail transport in Australia

### CONTEXT

The ONRSR has a key responsibility to work with industry and their representatives in promoting safety and undertaking safety improvement initiatives.

This work takes two forms:

-  targeted workshops and events on specific safety improvement priorities using ONRSR's specialist resources and industry experiences, and
-  the daily activities of ONRSR Rail Safety Officers in their interactions with operators involving identification of specific safety issues and awareness of industry better practice to enhance operators' management approach and safety performance.

### ACHIEVEMENTS

Specific safety improvement initiatives underway prior to ONRSR commencement by the NSW rail safety regulator were continued by the ONRSR. These included:

-  Road Rail vehicle safety management

The ONRSR held a number of workshops jointly with the Rail Industry Safety and Standards Board (RISSB) and operators in NSW, Queensland, and South Australia. The workshops used comprehensive bow tie analyses to assist operators identify their hazards and potential risks and the relevant controls they need to have in place to mitigate such risks.


The ONRSR is continuing to promote use of the bow tie analysis tool as a means of assisting operators address safety issues in respect to road/rail vehicles as well as working with RISSB to develop a standard and code of practice to assist in addressing the safety issues faced by the operation of road/rail vehicles.


-  Asset management


The ONRSR has worked closely with industry to share knowledge and awareness of better practices on asset management. As a result of this work, ONRSR will be working with industry to develop guidance material to assist operators which will be scalable for use by all operators ranging from large operators through to small tourist and heritage operators.

### STAKEHOLDER ENGAGEMENT


Since commencing operations, the ONRSR has established and hosted a number of stakeholder engagement forums. These are the:

-  **CEO industry reference group** which provides a forum to discuss strategic industry and regulatory directions and safety issues and improvements required. It comprises senior representatives from the rail industry including the Australasian Railway Association (ARA), the Rail Industry Safety and Standards Board (RISSB), the ONRSR Chief Executive and Executive Directors for operations and policy areas. The group is scheduled to meet four times a year, with every second meeting including union representatives. During this reporting period, it met once in April and provided important input into the ONRSR's Corporate Plan 2013–16.


 **Union reference group** comprising senior representatives from the Rail, Tram and Bus Union, the ONRSR Chief Executive, and Executive Directors for operations and policy areas. This forum also meets four times a year and met this year in May. It has a similar agenda to the industry forum including strategic conversations and information exchange between the unions and the regulator, also providing input into the development of the ONRSR's Corporate Plan 2013–16 during this reporting period.


 **National Operations Forum** allows multi-jurisdictional operators to discuss safety issues specific to their operations with senior ONRSR operational and technical staff, thereby allowing a frank exchange of opinions. The forum is held once a month in the State hosting the ONRSR internal National Operations Committee meeting. Only one operator attends each month. Examples of some of the issues that operators have raised in this forum include:


- application of train radio protocols in different jurisdictions
- the approach of ONRSR to emerging signalling technologies
- economic conditions affecting business performance.

 **Branch Operators Forums** are held at the discretion of individual Branch Directors to suit Branch circumstances and aim to address local operational issues. These forums will build upon similar concepts that have been hosted by previous state-based regulators and will be rolled out in 2013–14.

The ONRSR is committed to attending industry-led meetings and forums which have included the following:

 **RISSB's Safety Managers Group** which meets three-four times a year and comprises safety managers from various Rail Transport Operators and focuses on operational and regulatory policy

 **Association of Tourist and Heritage Rail Australia** which meets three times a year comprising representatives from all state tourist and heritage associations

 **State tourist and heritage groups** which similarly meet three times a year comprising local tourist and heritage operators

## ONRSR DATA AND POLICY COMMITTEE

The Data and Policy Committee (DPC) is an internal committee that meets monthly chaired by the Chief Executive and comprising senior representatives from operational, policy and technical areas. Its role is to facilitate the exchange of safety intelligence across the ONRSR and to establish, approve, monitor and review associated rail safety initiatives, policies and programs. In doing so, the DPC provides internal strategic guidance to inform the regulatory activities of the ONRSR in their work to ensure rail operators comply with the RSNL.

Key matters considered by the DPC have included the establishment of the ONRSR drug and alcohol testing program and developing the first annual National Safety Data Report and health standards for Rail Safety Officers.

# PART B

## JURISDICTIONAL PERFORMANCE

The following outlines participating ONRSR State specific activities and outcomes for January – June 2013. It was determined by ONRSR that each State would continue following State-based regulatory programs for the duration of 2012–13.




In 2013–14, participating States will work under a national regulatory work program.

## South Australia

### RAIL INDUSTRY CONTEXT

South Australia has 44 operators accredited by the National Rail Safety Regulator under Rail Safety National Law.

There are three primary rail networks in South Australia:

-  The Adelaide Metropolitan Passenger Rail Network (AMPRN) centred in Adelaide comprising approximately 125 km of track primarily for passenger trains and also servicing a limited number of broad gauge freight services. There is also a tram network within Adelaide.
-  The Defined Interstate Rail Network (DIRN) managed by the Australian Rail Track Corporation (ARTC) comprising approximately 1990 km of track in South Australia. The DIRN covers the main interstate rail lines linking Melbourne and Sydney to Adelaide as well as Adelaide to Western Australia.
-  The Genesee & Wyoming (G&W) network that covers the main line to Darwin (linking with the ARTC network at Tarcoola as well as the residual networks throughout regional South Australia.) The extent of the G&W network is approximately 1870 kms.

### ACHIEVEMENTS

#### ACCREDITATION OF MAJOR TRANSPORT ELECTRIFICATION PROJECT

A major focus for ONRSR staff delivering regulatory services in South Australia during January – June 2013 has been facilitating accreditation variations for the electrification of Adelaide's passenger rail network. This will mark a significant milestone in modernising Adelaide's railway services which will enable passengers to access a more modern and reliable train service. Part of the overall program includes a six km line extension to Seaford which includes two new stations and a new train maintenance facility.

Accreditation for this project is complex in that it began under previous South Australian rail safety legislation which then needed to accommodate the new national law. The variation to accreditation incorporates a staged approval process that will continue through to 2013–14. The ONRSR will continue working with the operator to give South Australians confidence that the new electrified rail system will be a safe and efficient addition to the state's infrastructure.



## REGULATORY SERVICE REVIEW

South Australian ONRSR staff received its first referral of a confidential report on a safety issue from the Australian Transport Safety Bureau (ATSB). The issue raised was closed to the ONRSR's satisfaction.

The ATSB is responsible for a confidential reporting system, called REPCON, which allows individuals to report safety matters for operator and/or regulator response. Future ONRSR responses to State-based REPCON issues will again benefit from sharing experiences and knowledge now available in the ONRSR.

## REGULATORY SERVICES

The following table reflects ONRSR's operational activity statistics for its regulatory services in South Australia as at 30 June 2013:





OPERATIONAL MEASURES	JANUARY – JUNE 2013
Formal inspections completed	3
Audits completed	13
Accreditation processed	0
Variations processed	3

# New South Wales

## RAIL INDUSTRY CONTEXT

NSW has 72 operators accredited by the National Rail Safety Regulator under Rail Safety National Law. In the Sydney Metropolitan Area, which comprises 97% of all state passenger journeys, annual passenger journeys average at over 306 million. Regional passenger services carry approximately 1.9 million passengers per year. Freight movement comprises bulk freight such as coal and grain and intermodal freight such as containerised goods. In NSW the largest freight movement is coal haulage in the Hunter Valley.

There are four primary rail networks in NSW:

-  The Metropolitan Rail Area network (MRA) centred in Sydney comprising about 1,360 km of track primarily for passenger trains and also servicing national and intrastate freight transport.
-  The Defined Interstate Rail Network (DIRN) managed by the Australian Rail Track Corporation (ARTC) comprising approximately 3,300 km of track. The DIRN extends beyond NSW and connects the MRA with the other mainland state capitals. It is used primarily for freight transport and long distance passenger trains.
-  The Hunter Valley network which covers some 700 km of track and runs to the port of Newcastle. Run by ARTC, it is mainly used for coal freight as well as some other freight and passenger services.
-  The Country Regional Network (CRN) managed by John Holland Rail Pty Ltd on behalf of Transport for NSW, covering some 2,800 km of operational and 3,140 km of non-operational lines. The main traffic on this network is bulk commodities including grain. It is also used for other freight and passenger services.

## OPERATING CONTEXT

The NSW Branch of the ONRSR operations commenced in NSW on 20 January 2013 under a service level agreement. The transition from a state based regulatory program to a national operation provided a number of challenges and opportunities. The joint commitment of the operations team nationally and at the state level has ensured that the focus has remained on working with our stakeholders to maintain and improve rail safety.

During this time, NSW has undergone significant structural changes in the transport portfolio and the beginning of major change in the way transport infrastructure and services will be delivered. This has resulted in a focus for the NSW Branch of ensuring safety accountabilities are transferred (from RailCorp to Transport for NSW) and new entities, Sydney Trains servicing Sydney suburban areas and NSW Trains servicing intercity, regional and country services, accredited. A number of functions, including construction and major projects were transferred to Transport for NSW.

## ACHIEVEMENTS

### ACCREDITATIONS OF MAJOR TRANSPORT PROJECTS

A significant achievement for the NSW Branch of the ONRSR was ensuring that Sydney Trains and NSW Trains were accredited by end June 2013. Passenger service operations began in NSW on 1 July 2013.

During January to June 2013, the NSW Branch continued its pre-accreditation activities for new major transport projects including, the Northwest rail link in northern Sydney which requires construction of eight new stations, 15 kilometres of tunnels, four kilometres of elevated viaduct and new single deck trains to increase passenger loads, and the Inner West light rail link in Sydney, a first step in the expansion of light rail in Sydney. ONRSR ensured safety issues were considered in the decommissioning process for Sydney's monorail which ceased operation at the end of June 2013.

### AUDIT AND INSPECTION PROGRAM

Notwithstanding the high level of activity and resources involved in the above-mentioned projects, the NSW Branch continued to deliver its audit and inspection work plan focusing on risk management, rail safety worker competency, engineering and operational systems safety requirements and providing advice to the NSW Government and industry through its stakeholder forums and website regarding the national changes and transition issues.

### REGULATORY SERVICES

The following table reflects ONRSR's operational activity statistics for its regulatory services in NSW for January – June 2013. Trend data is provided in ITSR's Annual Report 2012–13, available on-line at [www.transportregulator.nsw.gov.au](http://www.transportregulator.nsw.gov.au):

OPERATIONAL MEASURES	JANUARY – JUNE 2013
Formal inspections completed	38
Audits completed	7
Investigations completed*	30
Prosecutions completed*	5
Successful compliance prosecutions	100%
Accreditations processed	1
Variations processed	3

\*Activities conducted for breaches of general duties and drug and alcohol legislative requirements under rail safety legislation

# Tasmania

## RAIL INDUSTRY CONTEXT

Tasmania has 15 operators accredited by the National Rail Safety Regulator under Rail Safety National Law.

The primary rail network is the freight network operated by TasRail which runs over 115 services a week over approximately 630 km of operational track.

Tasmania also has a diversity of tourist and heritage operators ranging in technical complexity as well as in terms of passenger numbers.

## ACHIEVEMENTS

### INCIDENT RESPONSE

Tasmanian ONRSR staff responded to a number of incidents during the year, including two significant main line derailments to the north of Hobart in March and April 2013. As a result of these incidents, the CEO of the operator concerned visited Adelaide to outline a remedial plan to the NRSR and explain the significant capital works that are underway in Tasmania to improve the state of the network. The ONRSR continues to monitor the remedial plan put in place to reduce the risk of derailment. As new rolling stock is acquired, the ONRSR will work closely with the operator to facilitate the accreditation process for new wagons and locomotives.

In June 2013, Tasmania experienced a significant road-rail accident that resulted in serious injuries to two rail safety workers. As a result of this a Prohibition Notice was placed upon the operator preventing any further road-rail movements until such time as safety training processes were improved and adequately documented. The operator continues to work with the ONRSR to address the shortcoming identified that led to the accident.

These incidents placed significant pressure on the resources of local regulatory staff, however the benefits of being part of a larger national organisation were fully demonstrated. The local office was able to draw upon resources located within the broader ONRSR for not only specialist technical advice but also administrative and logistical support.

### REGULATORY SERVICES

The following table reflects ONRSR's operational activity statistics for its regulatory services in Tasmania as at 30 June 2013:

OPERATIONAL MEASURES	JANUARY – JUNE 2013
Formal inspections completed	5
Audits completed	3
Accreditation processed	1
Variations processed	0

# Northern Territory

## RAIL INDUSTRY CONTEXT

The Northern Territory has 12 operators accredited by the National Rail Safety Regulator under Rail Safety National Law.

The primary rail network is the freight network operated by Genesee & Wyoming Australia joining Darwin to the Australian Rail Track Corporation (ARTC) network in South Australia consisting of approximately 1737 km.

## ACHIEVEMENTS

### INCIDENT RESPONSE

With the derailment of The Ghan passenger train at Katherine on 30th January 2013, Northern Territory ONRSR staff located in Darwin had the opportunity to put many of the ONRSR regulatory response procedures into action. Similarly to the Tasmanian experience, the benefits of being able to draw upon a wide pool scope of resources for support and technical advice were apparent.

The incident itself resulted in relatively minor infrastructure damage, but the ensuing investigation lead to a number of findings that have improved the overall safety of rail operations. Some of these include revising track maintenance practices, reviewing track inspection protocols and also examining ways to improve rolling stock maintenance.

### REGULATORY SERVICES

The following table reflects ONRSR's operational activity statistics for its regulatory services in the Northern Territory for January – June 2013:

OPERATIONAL MEASURES	JANUARY – JUNE 2013
Formal inspections completed	3
Audits completed	1
Accreditation processed	0
Variations processed	1



ONRSR ANNUAL  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
30TH JUNE 2013



Government of South Australia  
Auditor-General's Department

Our Ref: A13/466

17 September 2013

Mr R Andrews  
Chief Executive  
The Office of the National Rail Safety Regulator  
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Dear Mr Andrews

**The audit of The Office of the National Rail Safety Regulator  
for the year ended 30 June 2013**

The audit of the accounts of The Office of the National Rail Safety Regulator (ONRSR) for the year ended 30 June 2013 has been completed.

The audit covered the principal areas of the financial operations of ONRSR and included the test review of systems and processes and internal controls and financial transactions.

The notable areas of audit coverage included:

- corporate governance
- payroll
- expenditure
- revenue, receipting and banking
- general ledger.

The audit coverage and its conduct are directed to meeting statutory audit responsibilities under the *Public Finance and Audit Act 1987* and the *Rail Safety National Law (South Australia) Act 2012* and the requirements of Australian Auditing Standards.

In essence, two important outcomes result from the annual audit process, notably:

- the issue of the Independent Auditor's Report (IAR) on the integrity of ONRSR's financial statements
- the issue during the year or at the time of financial statement preparation and audit or close thereto, of an audit management letter advising of system, process and control matters and recommendations for improvement.



In this regard, returned herewith are the financial statements of ONRSR together with the IAR, which is unmodified.

My Annual Report to Parliament indicates that an unmodified IAR has been issued on ONRSR's financial statements.

In addition, during the year an audit management letter was forwarded to ONRSR, detailing findings and recommendations from the audits of the areas reviewed. The findings and recommendations relate to weaknesses noted in financial systems and processes and associated internal controls, and/or improvements needed in these areas. The response to the letter and matters raised was received and will be followed up in the 2013-14 annual audit.

My Annual Report to Parliament includes summary commentary for ONRSR on the matters raised and responses received, and specifically indicates those matters that were assessed as not meeting a sufficient standard of financial management, accounting and control.

Finally, I would like to express my appreciation to the staff of ONRSR for their assistance during the year.

Yours sincerely



**S O'Neill**  
**AUDITOR-GENERAL**

cc: Ms C Scott, Chair, Audit Risk Committee  
Mr J Stormonth, Executive Director - Corporate

enc

**INDEPENDENT AUDITOR'S REPORT**

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Auditor-General's Department

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**To the Chief Executive  
The Office of the National Rail Safety Regulator**

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 263 of the *Rail Safety National Law (South Australia) Act 2012*, I have audited the accompanying financial report of The Office of the National Rail Safety Regulator for the financial year ended 30 June 2013. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2013
- a Statement of Financial Position as at 30 June 2013
- a Statement of Changes in Equity for the year ended 30 June 2013
- a Statement of Cash Flows for the year ended 30 June 2013
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Certificate from the Chief Executive and the Executive Director - Corporate.

**Chief's Executives Responsibility for the Financial Report**

The Chief Executive is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and *Rail Safety National Law (South Australia) Act 2012* and Australian Accounting Standards, and for such internal control as Chief Executive determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The auditing standards require that the auditor comply with relevant ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Chief Executive, as well as the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial report gives a true and fair view of the financial position of The Office of the National Rail Safety Regulator as at 30 June 2013, its financial performance and its cash flows for the year then ended in accordance with the *Public Finance and Audit Act 1987* and *Rail Safety National Law (South Australia) Act 2012* and Australian Accounting Standards.



**S O'Neill**  
**AUDITOR-GENERAL**  
17 September 2013

## The Office of the National Rail Safety Regulator

### Certification of the Financial Statements

We certify that the attached general purpose financial statements for the Office of the National Rail Safety Regulator:

- complies with Section 263 of the Rail Safety National Law (South Australia) Act 2012 and Regulation 48 of *RSNL National Regulations*, and relevant Australian accounting standards;
- are in accordance with the accounts and records of the Office of the National Rail Safety Regulator; and
- presents a true and fair view of the financial position of the Office of the National Rail Safety Regulator as at 30 June 2013 and the results of its operation and cash flows for the financial year.

We certify the internal controls employed by the Office of the National Rail Safety Regulator for the financial year over its financial reporting and the preparation of the general purpose financial Statements have been effective throughout the reporting period.



Chief Executive

11/9/2013



Executive Director - Corporate

11/9/2013





## The Office of the National Rail Safety Regulator

### Statement of Comprehensive Income

For the year ended 30 June 2013

		2013
	Note	\$'000
<b>Expenses:</b>		
Employee benefits expenses	4	2,814
Supplies and services	5	1,160
Grants and subsidies	6	5,969
Depreciation and Amortisation	7	130
Transition expenses	8	921
<b>Total expenses</b>		<b>10,994</b>
<b>Income:</b>		
Revenues from fees and charges	9	11,129
Commonwealth revenues	10	1,631
Interest revenues	11	58
Funding for transition expenses	12	4,770
Other income	13	491
<b>Total income</b>		<b>18,079</b>
<b>Net result</b>		<b>7,085</b>
<b>Total comprehensive result</b>		<b>7,085</b>

The above statements should be read in conjunction with the accompanying notes.



## The Office of the National Rail Safety Regulator

### Statement of Financial Position

As at 30 June 2013

	Note	2013 \$'000
<b>Current assets:</b>		
Cash and cash equivalents	14	5,806
Receivables	15	839
<b>Total current assets</b>		<u>6,645</u>
<b>Non-Current assets</b>		
Property, plant and equipment	16	363
Intangible assets	17	1,081
<b>Total Non-Current assets</b>		<u>1,444</u>
<b>Total assets</b>		<u>8,089</u>
<b>Current liabilities:</b>		
Payables	18	523
Employee benefits	19	447
<b>Total current liabilities</b>		<u>970</u>
<b>Non-Current liabilities:</b>		
Employee benefits	19	34
<b>Total Non-Current liabilities</b>		<u>34</u>
<b>Total liabilities</b>		<u>1,004</u>
<b>Net assets</b>		<u>7,085</u>
<b>Equity:</b>		
Retained earnings	21	3,236
Reserve for transition expenses	21	3,849
<b>Total equity</b>		<u>7,085</u>
Unrecognised contractual commitments	22	
Contingent assets and liabilities	23	

The above statements should be read in conjunction with the accompanying notes.

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## The Office of the National Rail Safety Regulator

### Statement of Changes in Equity

For the year ended 30 June 2013

	Note	Reserve for transition expenses \$'000	Retained earnings \$'000	Total \$'000
Balance at 30 June 2012		0	0	0
Net result for 2012-13		0	7,085	7,085
Total comprehensive result for 2012-13		0	7,085	7,085
Transfer between equity components		3,849	(3,849)	0
Balance at 30 June 2013	21	3,849	3,236	7,085

The above statements should be read in conjunction with the accompanying notes.

**Statement of Cash Flows**  
**For the year ended 30 June 2013**

		2013
		Inflows (Outflows) \$'000
<b>Cash flows from operating activities</b>	<b>Note</b>	
Cash outflows		
Employee benefit payments		(1,826)
Payments for supplies and services		(1,036)
Payments of grants and subsidies		(5,969)
Transition expenses		(738)
<b>Cash used in operations</b>		<b>(9,569)</b>
Cash inflows		
Fees and charges		10,535
Interest received		50
Funding for transition expenses		4,770
Other income		20
<b>Cash generated from operations</b>		<b>15,375</b>
<b>Net cash provided by (used in) operating activities</b>		<b>5,806</b>
<b>Cash flows from financing activities</b>		
Cash outflows		0
Cash inflows		0
<b>Net cash provided by (used in) financing activities</b>		<b>0</b>
<b>Cash flows from investing activities</b>		
Cash outflows		0
Cash inflows		0
<b>Net cash provided by (used in) investing activities</b>		<b>0</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>25</b>	<b>5,806</b>
<b>Cash and cash equivalents at 1 July 2012</b>		<b>0</b>
<b>Cash and cash equivalents at 30 June 2013</b>	<b>14</b>	<b>5,806</b>
<b>Non-cash transactions</b>	<b>25</b>	<b>1,279</b>

The above statements should be read in conjunction with the accompanying notes.





## The Office of the National Rail Safety Regulator

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

#### 1. Objective of the Office of the National Rail Safety Regulator

The Office of the National Rail Safety Regulator (ONRSR) is established under the *Rail Safety National Law (South Australia) Act 2012*.

The Office of the National Rail Safety Regulator has the principal objective of facilitating the safe operation of rail transport services across Australia. This is achieved through regulation of the rail industry in accordance with the Law, supporting regulations, guidelines and policies, and promotion of safety as a fundamental objective in the delivery of rail transport services.

The Office of the National Rail Safety Regulator was established on 1 July 2012 and commences regulatory activities on 20 January 2013.

#### 2. Summary of significant accounting policies

##### (a) Statement of compliance

The Office of the National Rail Safety Regulator has prepared these financial statements in compliance with section 263 of the *Rail Safety National Law (South Australia) Act 2012* and Regulation 48 of RSNL National Regulations.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant AASs.

The Office of the National Rail Safety Regulator has applied AASs that are applicable to not-for-profit entities, as the Office of the National Rail Safety Regulator is a not-for-profit entity.

AASs and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Office of the National Rail Safety Regulator for the reporting period ending 30 June 2013. The Office of the National Rail Safety Regulator has assessed the impact of these amendments and considers there will be no impact on the accounting policies or financial statements of the Office of the National Rail Safety Regulator.

##### (b) Basis of preparation

The preparation of the financial statements requires:

- The use of certain accounting estimates and requires management to exercise its judgment in the process of applying the Office of the National Rail Safety Regulator's accounting policies. The areas involving a higher degree of judgment or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes
- Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported

The Office of the National Rail Safety Regulator's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets that were valued in accordance with the valuation policy applicable.

The Statement of Cash Flows has been prepared on a cash basis.

The financial statements have been prepared based on a 12 month period and presented in Australian currency.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2013.

##### (c) Rounding

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

## The Office of the National Rail Safety Regulator

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**(d) Taxation**

The Office of the National Rail Safety Regulator is not subject to income tax. The Office of the National Rail Safety Regulator is liable for payroll tax, FBT, GST and Emergency Services levy.

Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods or services is not recoverable from the ATO, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable
- Receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position.

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

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the ATO. If GST is not payable to, or recoverable from, the ATO the commitments and contingencies are disclosed on a gross basis.

**(e) Events after the reporting date**

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June.

Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June and which may have a material impact on the results of subsequent years.

**(f) Income**

Income is recognised to the extent that it is probable that the flow of economic benefits to the Office of the National Rail Safety Regulator will occur and can be reliably measured.

Income has been aggregated according to its nature and has not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The following are specific recognition criteria:

**Fees and charges**

Revenues from fees and charges are derived from the provision of services to industry and state governments. This revenue is recognised upon delivery of the service to the clients or by reference to the stage of completion.

**Contributions received**

Contributions are recognised as an asset and income when the Office of the National Rail Safety Regulator obtains control of the contributions or obtains the right to receive the contributions and the income recognition criteria are met (ie the amount can be reliably measured and the flow of resources is probable).

Generally, the Office of the National Rail Safety Regulator has obtained control or the right to receive for:

- Contributions with unconditional stipulations - this will be when the agreement becomes enforceable ie the earlier of when the receiving entity has formally been advised that the contribution (eg grant application) has been approved; agreement/contract is executed; and/or the contribution is received.
- Contributions with conditional stipulations - this will be when the enforceable stipulations specified in the agreement occur or are satisfied; that is income would be recognised for contributions received or receivable under the agreement.

All contributions received by the Office of the National Rail Safety Regulator have been contributions with unconditional stipulations attached and have been recognised as an asset and income upon receipt.



## The Office of the National Rail Safety Regulator

### *Other income*

Other income consists of rebate for the carpet in Hindmarsh Square, employee reimbursement of FBT and a contribution received from the National Rail Safety Regulator (NRSR) project.

### *(g) Expenses*

Expenses are recognised to the extent that it is probable that the flow of economic benefits from the Office of the National Rail Safety Regulator will occur and can be reliably measured.

Expenses have been aggregated according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The following are specific recognition criteria:

#### *Employee benefits expenses*

Employee benefits expenses include all costs related to employment including wages and salaries, non-monetary benefits and leave entitlements. These are recognised when incurred.

#### *Superannuation*

The amount charged to the Statement of Comprehensive Income represents the contributions made by the Office of the National Rail Safety Regulator to the superannuation plan in respect of current services of current Office of the National Rail Safety Regulator staff.

#### *Grants and Subsidies*

For contributions payable, the contribution will be recognised as a liability and expense when the Office of the National Rail Safety Regulator has a present obligation to pay the contribution and the expense recognition criteria are met.

All contributions paid by the Office of the National Rail Safety Regulator have been contributions with unconditional stipulations attached.

#### *Depreciation and amortisation*

All non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential. Amortisation is used in relation to intangible assets such as software, while depreciation is applied to tangible assets such as property, plant and equipment.

Assets' residual values, useful lives and amortisation methods are reviewed and adjusted if appropriate.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate, which is a change in accounting estimate.

Depreciation/amortisation is calculated on a straight line basis over the estimated useful life of the following classes of assets as follows:

Class of asset	Useful life (years)
Fixtures and fittings	10
Computer equipment	5-10
Intangible assets	3-5

### *(h) Current and non-current classification*

Assets and liabilities are characterised as either current or non-current in nature. Assets and liabilities that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within 12 months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Where asset and liability line item combine amounts expected to be realised within 12 months and more than 12 months, the Office of the National Rail Safety Regulator has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

## The Office of the National Rail Safety Regulator

### (i) *Assets*

Assets have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Where an asset line item combine amounts expected to be settled within 12 months and more than 12 months, the Office of the National Rail Safety Regulator has separately disclosed the amounts expected to be recovered after more than 12 months.

#### *Cash and cash equivalents*

Cash and cash equivalents in the Statement of Financial Position include cash at bank and on hand.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Cash is measured at nominal value.

#### *Receivables*

Receivables include amounts receivable from GST input tax credits recoverable, prepayments and accruals.

Receivables arise in the normal course of providing services to industry and state governments.

Receivables are generally settled within 30 days after the issue of an invoice.

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the Office of the National Rail Safety Regulator will not be able to collect the debt. Bad debts are written off when identified.

#### *Non-current assets*

##### *Acquisition and recognition*

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value less accumulated depreciation.

Where assets are acquired at no value, or minimal value, they are recorded at fair value in the Statement of Financial Position.

All non-current tangible assets with a value equal to or in excess of \$5,000 are capitalised.

##### *Impairment*

All non-current tangible and intangible assets are tested for indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

#### *Intangible assets*

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. The Office of the National Rail Safety Regulator only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

### (ii) *Liabilities*

Liabilities have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Where a liability line item combine amounts expected to be settled within 12 months and more than 12 months, the Office of the National Rail Safety Regulator has separately disclosed the amounts expected to be settled after more than 12 months.



## The Office of the National Rail Safety Regulator

### *Payables*

Payables include creditors, accrued expenses, GST payable and employment on-costs.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of the Office of the National Rail Safety Regulator.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

All payables are measured at their nominal amount, are unsecured and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

Employee benefit on-costs include payroll tax, workers compensation and superannuation contributions in respect to outstanding liabilities for salaries and wages, LSL and annual leave.

The Office of the National Rail Safety Regulator makes contributions to several State Government and Commercial superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at balance date relates to any contributions due but not yet paid to the South Australian Superannuation Board or commercial superannuation companies.

### *Leases*

The Office of the National Rail Safety Regulator leases office premises. Lease payments are increased annually in accordance with movements in CPI or as per the lease agreement.

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. The straight-line basis is representative of the pattern of benefits derived from the leased asset.

### *Employee benefits*

These benefits accrue for employees as a result of services provided up to the reporting date that remain unpaid. Long-term employee benefits are measured at present value and short-term employee benefits are measured at nominal amounts.

- *Wages, salaries, annual leave and sick leave*

The liability for salary and wages are measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

The annual leave liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid. In the unusual event where salary and wages and annual leave are payable later than 12 months, the liability will be measured at present value.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

- *LSL*

This amount has been calculated in accordance with AASB119.

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

The estimated liability for long service leave is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service.

### *Provisions*

Provisions are recognised when the Office of the National Rail Safety Regulator has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

## The Office of the National Rail Safety Regulator

When the Office of the National Rail Safety Regulator expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. If the effect of the time value of money is material, provisions are discounted for the time value of money and the risks specific to the liability.

The Office of the National Rail Safety Regulator is responsible for the payment of workers compensation claims.

### *Other current liabilities*

This liability represents the amount of funding received for transitional costs of remaining jurisdictions joining the Office of the National Rail Safety Regulator.

This funding was provided by the Commonwealth government.

### *(k) Unrecognised contractual commitments and contingent assets and liabilities*

Commitments include operating lease commitments arising from contractual or statutory sources and are disclosed at their nominal value.

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the ATO. If GST is not payable to, or recoverable from, the ATO the commitments and contingencies are disclosed on a gross basis.

### *(l) Comparative Information*

As the Office of the National Rail Safety Regulator was established on 1 July 2012, there are no comparative amounts shown in this first set of financial statements for the Office of the National Rail Safety Regulator.

## 3. New and revised accounting standards and policies

The Office of the National Rail Safety Regulator did not voluntarily change any of its accounting policies during 2012-13.

AASs and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Office of the National Rail Safety Regulator for the period ending 30 June 2013. The Office of the National Rail Safety Regulator has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the Office of the National Rail Safety Regulator.

<b>4. Employee benefits expenses</b>	2013
	\$'000
Salaries and wages	1,966
Employment on-costs - superannuation	197
Employment on-costs - annual leave	333
Employment on-costs - other	310
Workers compensation	8
<b>Total employee benefits expenses</b>	<b>2,814</b>
<b>Remuneration of employees</b>	2013
The number of employees whose remuneration received or receivable falls within the following bands:	Number
\$188,000 - \$197,999	1
\$358,000 - \$367,999	1
<b>Total number of employees</b>	<b>2</b>





## The Office of the National Rail Safety Regulator

The table includes all staff who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of staff reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits, fringe benefits and any FBT paid or payable in respect of those benefits. The total remuneration received by these employees was \$0.554 million.

	2013
<b>5. Supplies and services</b>	<b>\$'000</b>
Travelling expenses	201
Information technology	365
Insurance	177
Property	259
Contractors fees	59
Other	99
Total supplies and services	<u>1,160</u>
<b>Consultants</b>	
The number and dollar amount of consultancies paid/payable (included in other supplies and services above) that fell within the following bands:	2013
	Number      \$'000
Below \$10,000	<u>1      9</u>
Total paid/payable to consultants engaged	<u>9</u>
<b>Auditors Remuneration</b>	2013
	<b>\$'000</b>
Audit fees paid/payable to the Auditor-General's Department relating to the audit of financial statements (included in supplies and services above)	28
Total Audit fees	<u>28</u>
No other services were provided by the Auditor-General's Department.	
<b>6. Grants and subsidies</b>	<b>\$'000</b>
Recurrent grant – payment under Service Level Agreement with NSW	5,969
Total Grants and subsidies	<u>5,969</u>
<b>7. Depreciation and amortisation</b>	<b>\$'000</b>
Fixtures and fittings	11
Computer Equipment	11
Computer Software	108
Total depreciation and amortisation	<u>130</u>
<b>8. Transition expenses</b>	<b>\$'000</b>
Transition expenses for the establishment of Branch Offices and the development of the relevant IT and business systems	921
Total transition expenses	<u>921</u>
<b>9. Revenue from fees and charges</b>	<b>\$'000</b>
Revenue from Accreditations	19
Revenue from annual fees to industry and government	11,110
Total revenue from fees and charges	<u>11,129</u>
<b>10. Commonwealth revenues</b>	<b>\$'000</b>
Grants	1,631
Total Commonwealth Revenue	<u>1,631</u>
<b>11. Interest revenues</b>	<b>\$'000</b>
Interests received	58
Total interest revenues	<u>58</u>

## The Office of the National Rail Safety Regulator

<b>12. Funding for transition expenses</b>	<b>2013</b>
	<b>\$'000</b>
Funding for transition received from Commonwealth	4,770
Total funding for transition expenses	<u>4,770</u>
<p>This funding has been provided for the establishment of Branch Offices for jurisdictions which have not yet joined the Office of the National Rail Safety Regulator. At 30 June 2013 \$3.849 million had not yet been expended as several Branch Offices will be established in 2013-14. Thus, this amount will appear in next year's Financial Statements as expenditure for which no matching revenue will be shown.</p>	
<b>13. Other Income</b>	<b>\$'000</b>
Rebate for carpet in Hindmarsh Square	12
Employee reimbursement of FBT	6
Contribution from NRSR project	473
Total other income	<u>491</u>
<b>14. Cash and cash equivalents</b>	<b>\$'000</b>
Cash at bank and on hand	5,806
Total cash and cash equivalents	<u>5,806</u>
<p>Included in the above amount is monies held for transition cost (\$3.85M) and which will not be used for general Office of the National Rail Safety Regulator operations.</p> <p>The Office of the National Rail Safety Regulator has been granted an overdraft limit facility of \$400,000. This limit has not been used.</p>	
<b>15. Receivables</b>	<b>\$'000</b>
Receivables	595
Prepayments	42
Accrued interest	8
GST input tax receivable	194
Total current receivables	<u>839</u>
<b>16. Property, plant and equipment</b>	<b>\$'000</b>
Fixtures and fittings:	
At cost	245
Accumulated depreciation	(11)
Total fixtures and fittings	<u>234</u>
Computer equipment:	
At cost	140
Accumulated depreciation	(11)
Total Computer equipment	<u>129</u>
Total property, plant and equipment	<u>363</u>
<b>Impairment</b>	
There were no indications of impairment of property, plant and equipment at 30 June 2013	
<b>17. Intangible assets</b>	<b>\$'000</b>
Computer Software	
At cost	1,189
Accumulated amortisation	(108)
Total Computer software	<u>1,081</u>
The Office of the National Rail Safety Regulator has no contractual commitments for the acquisition of intangible assets	
<b>Impairment</b>	
There were no indications of impairment of intangible assets at 30 June 2013	



## The Office of the National Rail Safety Regulator

<i>Asset movement reconciliation</i>				2013
	Fixtures and fittings	Computer equipment	Intangible assets	Total
	\$'000	\$'000	\$'000	\$'000
<b>2013</b>				
Carrying amount at 1 July 2012	0	0	0	0
Additions	245	140	1,189	1,574
Depreciation/amortisation	(11)	(11)	(108)	(130)
Carrying amount at 30 June 2013	234	129	1,081	1,444
<b>18. Payables</b>				\$'000
Current:				
Creditors				342
Accrued expenses				148
Employee on-costs				32
GST Payable				1
Total current payables				523
<b>19. Employee benefits</b>				\$'000
Current:				
Annual leave				262
Accrued salaries and wages				185
Total current employee benefits				447
Non-Current:				
Long Service Leave				34
Total non-current employee benefits				34
Total Employee Benefits				481
<b>20. Provisions</b>				
There are no unsettled workers compensation claims.				
<b>21. Equity</b>				\$'000
Retained earnings				3,236
Reserve for transition expenses				3,849
Total Equity				7,085
An amount of \$3.849 million that represents the funding that will be used in the following financial year for the establishment of new Branch Offices has been treated as a separate reserve.				
<b>22. Unrecognised contractual commitments</b>				
<b>Capital commitments</b>				
There are no Capital Commitments in the Office of the National Rail Safety Regulator.				
<b>Expenditure commitments – Remuneration</b>				\$'000
Commitments for the payment of salaries and other remuneration under fixed-term employment contracts in existence at the reporting date but not recognised as liabilities are payable as follows:				
Within one year				1,483
Later than one year but no longer than five years				2,926
Total remuneration commitments				4,409
Amounts disclosed include commitments arising from executive and other service contracts.				
The Office of the National Rail Safety Regulator does not offer fixed-term remuneration contracts greater than five years.				
<b>Expenditure commitments – Other</b>				\$'000
Within one year				526
Later than one year but no longer than five years				540
Total other commitments				1,066

## The Office of the National Rail Safety Regulator

<b>Operating lease commitments</b>	2013 \$'000
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:	
Within one year	544
Later than one year but no longer than five years	1,569
Total operating lease commitments	<u>2,113</u>

The Office of the National Rail Safety Regulator's operating leases is for office accommodation and motor vehicles. The leases are non-cancellable with terms ranging up to 5 years with some leases having the right of renewal. Rent is payable one month in advance.

### Finance Lease commitments

There are no Finance Lease commitments in the Office of the National Rail Safety Regulator.

### 23. Contingent assets and liabilities

The Office of the National Rail Safety Regulator is not aware of any contingent assets or liabilities.

### 24. Remuneration of board and committee members

Members during the 2013 financial year were:

#### ONRSR Board

Mr Robert Andrews

Ms Catherine Scott (Commenced on 16 Nov 2012)

Mr Peter Batchelor (Commenced on 16 Nov 2012)

#### Audit Risk Committee

Ms Catherine Scott (Commenced on 16 Nov 2012)

The number of members whose remuneration received or receivable falls within the following bands

	2013 Number
\$30,000 - \$39,999	<u>2</u>
<b>Total number of members</b>	<u>2</u>

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions and salary sacrifice benefits. The total remuneration received or receivable by members was \$67,749.

### 25. Cash flow reconciliation

Reconciliation of cash and cash equivalents at 30 June:  
Cash and cash equivalents disclosed in the Statement of Financial Position  
Balance as per the Statement of Cash Flows

2013  
\$'000  
5,806  
5,806

#### Reconciliation of net cash provided by operating activities to net result

Net cash provided by (used in) operating activities	5,806
Add (less) non-cash items:	
Depreciation and amortisation	(130)
Assets provided from non-cash contributions	1,574
Movements in assets and liabilities:	
Increase (decrease) in Receivables	839
(Increase) decrease in Payables – Operating Activities	(523)
(Increase) decrease in Employee benefits	(481)
Net result	<u>7,085</u>

### 26. Financial instruments/Financial risk management

#### Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in note 2.

## The Office of the National Rail Safety Regulator

Table 26.1

		2013	
Financial instrument		Carrying amount	Fair value
		\$'000	\$'000
Financial assets:	Note		
Cash and cash equivalents	14	5,806	5,806
Receivables <sup>(1)(2)</sup>	15	595	595
		<u>6,401</u>	<u>6,401</u>
Financial liabilities:			
Payables <sup>(1)</sup>	18	496	496
		<u>496</u>	<u>496</u>

<sup>(1)</sup> Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. Certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levy receivables/payables, tax equivalents, commonwealth tax, audit receivables/payables etc they would be excluded from the disclosure. The standard defines contract as enforceable by law. They are carried at cost.

<sup>(2)</sup> Receivables amount disclosed here excludes prepayments. Prepayments are presented in note 15 as trade and other receivables in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined in AASB 132 as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

### Credit risk

Credit risk arises when there is the possibility of the Office of the National Rail Safety Regulator's debtors defaulting on their contractual obligations resulting in financial loss to the Office of the National Rail Safety Regulator. The Office of the National Rail Safety Regulator measures credit risk on a fair value basis and monitors risk on a regular basis.

The carrying amount of financial assets as detailed in Table 26.1 represents the Office of the National Rail Safety Regulator's maximum exposure to credit risk.

No collateral is held as security and no credit enhancements relate to financial assets held by the Office of the National Rail Safety Regulator.

The Office of the National Rail Safety Regulator has minimal concentration of credit risk. The Office of the National Rail Safety Regulator has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. The Office of the National Rail Safety Regulator does not engage in high risk hedging for its financial assets.

The following table discloses the ageing of financial assets, past due, including impaired assets past due.

Table 26.2 Ageing analysis of financial assets

	Past due by			Total
	Overdue for <30 days	Overdue for 30 – 60 days	Overdue for >60 days	
2013	\$'000	\$'000	\$'000	\$'000
Not impaired				
Receivables <sup>(1)</sup>	595	-	-	595
<b>Total Receivables</b>	<u>595</u>	<u>-</u>	<u>-</u>	<u>595</u>



## The Office of the National Rail Safety Regulator

- (i) Receivable amounts disclosed here exclude amounts relating to statutory receivables and payables. Certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levy receivables/payables, tax equivalents, commonwealth tax, audit receivables/payables etc they would be excluded from the disclosure. The standard defines contract as enforceable by law. They are carried at cost.

The following table discloses the maturity analysis of financial assets and financial liabilities.

**Table 26.3 Maturity analysis of financial assets and liabilities**

2013	Contractual Maturities			
	Carrying amount (\$'000)	<1 year (\$'000)	1 – 5 years (\$'000)	>5 years (\$'000)
<b>Financial assets</b>				
Cash & cash equivalent	5,806	5,806	-	-
Receivables	595	595	-	-
<b>Total financial assets</b>	<b>6,401</b>	<b>6,401</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>				
Payables	496	496	-	-
Other financial liabilities	3,850	3,850	-	-
<b>Total financial liabilities</b>	<b>4,346</b>	<b>4,346</b>	<b>-</b>	<b>-</b>

### **Liquidity risk**

Liquidity risk arises where the Office of the National Rail Safety Regulator is unable to meet its financial obligations as they are due to be settled. The Office of the National Rail Safety Regulator is funded principally from fees from rail industry and state government. The Office of the National Rail Safety Regulator settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

The Office of the National Rail Safety Regulator's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

The carrying amount of financial liabilities recorded in Table 26.1 represents the Office of the National Rail Safety Regulator's maximum exposure to financial liabilities.

### **Market risk**

The Office of the National Rail Safety Regulator has no market risk exposure or exposure to foreign currency or other price risks or interest rate risks.

### **Sensitivity disclosure analysis**

A sensitivity analysis has not been undertaken for the interest rate risk of the Office of the National Rail Safety Regulator as it has been determined that the possible impact on profit and loss or total equity from fluctuations in interest rates is immaterial.

## **27. Events after the reporting period**

There have been no events after the reporting period.

# GLOSSARY

The following glossary outlines specific terms used in this annual report.

**Australasian Railway Association (ARA)** is a member-based association representing the interests of rail operators, suppliers and maintainers in Australia and New Zealand

**Australian Tourist and Heritage Rail Association (ATHRA)** represents tourist and heritage operators across Australia

**Australian Transport Safety Bureau (ATSB)** is an operationally independent body within the Australian Government Department of Infrastructure and Transport and is Australia's prime agency for 'just culture' transport safety investigations

**Council of Australian Governments (COAG)** comprises the Prime Minister, State Premiers, Territory Chief Ministers and the President of the Australian Local Government Association. Its role is to initiate, develop and monitor the implementation of policy reforms of national significance

**National Operations Committee (NOC)** comprises ONRSR senior operational representatives from all States including participating and non-participating States to discuss national rail safety issues and workplans

**National Rail Safety Regulator (NRSR)** refers to the person appointed to this position and has accountability under Rail Safety National Law

**National Transport Commission (NTC)** provides advice and recommendations on transport reforms to Ministers at the Standing Council on Transport and Infrastructure (SCOTI). Transport Ministers are required to vote on NTC reforms and if approved by a majority, all governments are required to implement the reforms

**Office of the National Rail Safety Regulator (ONRSR)** refers to the office who supports the NRSR comprising staff in participating jurisdictions

**Passenger operations** carry passengers on commercial or heritage services, while freight operations carry goods (including dangerous goods)

**Rail Industry Safety and Standards Board (RISSB)** is owned by the Australasian Railway Association (ARA) and responsible for the development and management of the rail industry standards, rules, codes of practice and guidelines for national application

**Service Level Agreement (SLA)** refers to a legislative or non-legislative agreement between the regulator and participating state for the provision of regulatory services under an agreed funding arrangement

**Standing Council on Transport and Infrastructure (SCOTI)** comprises Commonwealth, State, Territory and New Zealand Ministers with responsibility for transport and infrastructure issues, as well as the Australian Local Government Association. It replaces the former Australian Transport Council

**Transport and Infrastructure Senior Officials' Committee (TISOC)** includes heads of departments from state governments and New Zealand, the Australian Local Government Association and National Transport Commission. It assists and advises SCOTI.

# COMPLIANCE INDEX

The National Rail Safety Regulator is required to prepare an annual report under section 43 of the Rail Safety National Law 2012.

The following index provides reference to compliance with these requirements:

ANNUAL REPORT REQUIREMENT	COMPLIANCE COMMENT	PAGE REFERENCE
Information on the development of rail safety including an aggregation of statistics of a prescribed class reported to ONRSR under RSNL for this financial period	Operational performance review in Parts A & B  Aggregate statistics of Category A & B statistics under RSNL	Pages 19–32  Page 16
Information on any improvements and important changes in relation to the regulation of rail safety in the financial period	Overview including Chief Executive message	Pages 1–18
Details of any rail safety issues brought to the attention of the ONRSR during this financial period and action (if any) taken in relation to each issue	No issues as such to report on. Actions taken based on State and ONRSR priorities for the financial period	n/a
Details about any significant activity undertaken in each participating jurisdiction by, or on behalf of, the ONRSR during this financial period	Activities provided by jurisdiction in Part B	Pages 27–32
Financial statement for the financial period	Financial statement	Pages 33–53
Report on the financial statement by the public sector auditor	Auditor's statement	Page 35–36
Any other information required to be included in the report by another provision under this Law or by the responsible Ministers	None required	n/a



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