



ANNUAL REPORT 2015 - 16



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CHAIRMAN'S OVERVIEW

The past year has been one of continuing consolidation of the changes in the Rail Industry Safety and Standards Board (RISSB) following its separation from Australasian Railway Association (ARA) early in 2015.

Membership

It is pleasing to note that RISSB Members have continued to commit to the support of RISSB's work in standards development and industry harmonisation. This is through their continuing financial contribution as Members and in-kind support by provision of staff for Development Groups and Standing Committees.

At the end of June 2016, the number of RISSB Members was 30. We retained 25 existing Members from the previous financial year and recruited five new ones. Four smaller organisations let their membership lapse. Since the end of June 2016 a further nine new members have been recruited.

In the past, ARA members were provided access to RISSB products as part of their ARA membership. To ensure a smooth transition in product access and enable those organisations to plan for future arrangements, the Board agreed to allow ARA members to retain free access to RISSB products until 30 June 2016. This access is available only to RISSB Members after 1 July 2016. We have fielded a number of enquiries from organisations who have flagged an intention to join RISSB as Members after this date.

At the 2015 RISSB AGM, Members approved a proposal by Directors to create the new class of Associate Member to cater for smaller organisations that wish to participate with RISSB and for training organisations to use our products in their education programs.

Work Plan

Delivery of new and reviewed RISSB products during the year at only 57% of the work-plan was a disappointing result. It is due in part to issues stemming from the transition in RISSB structure and management and also from challenges in the processes we use in product development.

Significant effort has been put into reviewing and improving the processes for product development and industry collaboration to ensure that, in the coming year, we will be able to deliver performance to plan.

Financial Results

As a result of additional membership revenue and a lag in program expenditure, RISSB recorded a surplus of \$646,258 in 2015/16. This adds to previous retained earnings and provides a buffer to ensure RISSB remains solvent. It also enables RISSB to commence work on the essential Australian Rail Risk Model (ARRM) project without a need to seek separate and additional funding from Members.

ARRM Project

The Australian Rail Risk Model (ARRM) project has been flagged as an essential element of RISSB's offering to the rail industry. It is incorporated in the RISSB Strategic Plan and

has significant support from both Industry and the Office of the National Rail Safety Regulator (ONRSR).

The project comprises a risk model to support analysis and decision-making for rail industry companies and for RISSB to set priorities in standards development. The project also incorporates a national rail safety incident database which will be delivered using data provided from existing rail industry company databases and will be designed to require minimal effort for these companies in providing this data input.

In March, the Board approved commencement of the project with Stage 1, the risk model, to be delivered in mid 2017 and Stage 2, the database, early in 2018. A beta version of the Risk Model will be available in June 2017.

Governance

The new RISSB Board comprising four Industry Directors, two Independent Directors and an Independent Chairperson is a significant success with all Directors highly engaged and contributing to the oversight of RISSB.

We have seen further revision of our governance processes, the development of more effective internal policies and procedures and a clear focus on the issues that will ensure RISSB's future success. Two Board Committees, Audit & Risk and Remuneration & People have been established to ensure effective oversight in these areas.

Recently, the Board commissioned a review of RISSB's governance and a report is provided on page 13.

Future Outlook

Critical relationships for RISSB remain with our Members and with the ONRSR as we seek to work together to generate outcomes of benefit to rail in the transport sector through effective co-regulation.

We anticipate that, with our changes to our development processes, we will commence to catch up on delivery of our standards program while also devoting considerable resources to the ARRM project in the coming year.

At the AGM in November, I will step down as Chairman and the Board will seek Member confirmation of the appointment of Ms Deborah Spring as the new Chair.

We also acknowledge the significant contribution by the members of our Development Groups and Standing Committees – the subject matter experts who ensure that the products we develop are aligned with industry needs and practical for implementation.



Tony Drake, **Chairman**
On behalf of the RISSB Board







CEO'S REPORT

RISSB Transition

Over the past eighteen months, the Rail Industry Safety and Standards Board (RISSB) has been undergoing a transformation. It transformed from a wholly owned subsidiary of the Australasian Railway Association (ARA) to a stand-alone not-for-profit company, owned by its funding Members.

Since the acceptance of the Transition Report by both the ARA and RISSB Boards in early 2015, RISSB has developed and adopted a new Constitution. It has revamped its Board of Directors and engaged a new Chief Executive Officer. The final aspects of RISSB's transition occurred on 30th June 2016 when access to RISSB Standards and products was limited to RISSB Members only.

At its inaugural Annual General Meeting, RISSB Members adopted the new Membership Class of "Associate Member". Associate Membership of RISSB will allow micro businesses (businesses of three or less employees), educational institutions, industry associations and many tourist & heritage operators access to RISSB Standards and products for their own use at a minimal cost. This will broaden the membership base and provide these new Members with the opportunity to participate in RISSB's development activities.

RISSB's FY2015-16 Performance

Financials. RISSB's Auditors provided an unqualified report on the FY2015-16 financials. In the process, the Auditors noted that RISSB posted an operating surplus of \$646,258 for FY2015-16 compared to the previous year when the company posted a net surplus of \$439,415.

The Company's current assets have exceeded short term liabilities by \$1,149,888 at 30th June 2016 which is an improvement in overall short term liquidity when compared with the prior year. The overall net asset position and net equity position is \$1,214,545 compared to the previous year where the company reported a net asset position of \$568,287.

While these results place RISSB in a solid financial position, it must be noted that the RISSB Board has approved the development of the ARRM. This is to be achieved within the confines of RISSB's Membership subscriptions (a cost anticipated to be \$1.5m over the 2016-17 and 2017-18 financial years). The Board has also determined to maintain a three-month cash reserve to buffer the company against any unforeseen financial situations.

Product Development. Throughout the 2015-16 financial year, RISSB produced 13 new Standards and products and delivered them to the rail industry. These products included the Road Rail Vehicle Standard, Train Detection Standard, Electromagnetic Compatibility Standard and the Audible Warning Device Standard. While 13 products were not up to RISSB's normal output for a financial year, amendments to the development process and changes to Project

Managers throughout the year accounted for the delay in some projects.

Process Changes. RISSB continues to evolve its development procedures in an attempt to streamline the process and ensure that Standards, Codes of Practices and Guidelines are delivered in a timely and efficient manner. Throughout the 2015-16 financial year, RISSB reviewed its development processes and implemented changes in the manner in which these products are brought to market. These amendments were rolled out progressively over the financial year and will have a much greater impact on the delivery of products in the 2016-17 financial year. The main amendments made to the process include the tightening of the Project Management of the projects, the move from portfolio-based budgets and timeframes to individual project budgets and timeframes and the introduction of a Panel of Service Providers to deliver authoring and validation services throughout the year.

Other significant Issues. Since RISSB's last Annual Report, we've made great progress toward the ARRM. The Board approved its commencement late March, and established a Project Steering Committee. All RISSB Members have been invited by Ms Sue McCarrey (CEO, ONRSR) to offer their consent for ONRSR to provide their reportable data to the project, and separately RISSB has requested any other relevant data. Procurement activity is in the final stages and the consultancy work within the project is underway, with the risk model due to be delivered mid 2017.

The primary beneficiary of the risk model will be individual Rail Transport Operators (RTOs), and because the project is being funded by RISSB (and therefore RISSB funding Members) key features of the model will be reserved for them.

Importantly, the benefits the risk model will deliver to RISSB Members will not require any additional funding from Members.

The risk model will not duplicate existing systems, nor will it seek to replace existing systems. It will draw on existing systems to create a greater pool of data than any single organisation can generate. This pooling of data will enable more sophisticated analyses, and more robust risk information so that railway stakeholders can be better informed in the decisions that they make.

RISSB will follow the example of other domestic and international railways and other industries; to produce a national system providing a more robust and consistent level of safety risk information. It will meet the various needs of the ONRSR, investigator(s), Governments and organisations like RISSB. This will make the Australian railway smarter, improve the efficiency of regulation and ultimately contribute to the delivery of better safety outcomes.

New Brisbane Offices

RISSB has, for many years, had staff based in Brisbane so finally it was great to open a Brisbane Office at the end of the 2015-16 financial year.

Situated on the Concourse of Central Station in the heart of Brisbane, RISSB now has a home for its seven Brisbane-based employees. Thank you to Queensland Rail for their support and efforts in assisting RISSB lease these premises.

Outlook for 2016-17

The 2016-17 financial year will see RISSB focus primarily on three things: the continued development of industry required Standards,

Codes of Practice and Guidelines and the development of the two main pillars of the RISSB suite of products – the Risk Model and the Australian Network Rules and Procedures (ANRP).

Retirement of RISSB Chair

At the AGM in November 2016, Mr Tony Drake, who has served as RISSB's Chairman for nearly seven years, will step down from the Board. During his time as Chair, Tony has provided RISSB with great knowledge and insight in both the rail industry and corporate governance, and has placed the company into a strong, credible position. I have worked with Tony for a short time, and am greatly appreciative of his support and leadership, especially through the transition period of the company's recent history. On behalf of the Board and staff of RISSB, I wish Tony and Lesley all the very best for the future.

Conclusion

RISSB has been through a major transformation over the past eighteen months and it is pleasing to see the company coming out the other end in a strong position both financially and in its standing in the rail industry. The 2016-17 financial year promises to be a very successful year for RISSB, and I would like to thank the Chairman and the Board for their continued assistance and support of the operations of RISSB. I would also like to thank the staff for all their efforts throughout the year and also thank the industry for its tireless assistance in the development and implementation of all our products.



Paul Daly, *Chief Executive Officer*



GOVERNANCE

The Board of Directors of RISSB is committed to responsible and effective governance and has overseen an extensive program over the last eighteen months to strengthen the structures that underpin the operations of the company. The new Constitutional arrangements adopted in March 2015 and revised at the AGM last November have provided a governance structure that is more responsive to our Members and stakeholders. Under this governance arrangement the Board is comprised of an Independent Chairman, a minimum of one and up to two Independent Directors and four Industry Directors, each one representing one of the four sectors of the rail industry.



Left to right: Ms Deborah Spring, Dr. Todd Bentley, Mr David George, Mr Nabeel Sadaka, Dr. Tim Kuypers, Mr Tony Drake, Mr Tim Ryan.

Board of Directors



Tony Drake, **Independent Chairman**
Chair – Remuneration & People Committee



David George, **Independent Director**
Member – Audit & Risk Committee



Deborah Spring, **Independent Director**
Member – Remuneration & People Committee



Tim Kuypers, **Industry Director** –
Freight Operations – until 18 August 2016
Pacific National
Member – Remuneration & People Committee

Information on the skills and experience of each of the Directors is provided on page 24 of this report.



Tim Ryan – **Industry Director** –
Network Managers/Owners
Australian Rail Track Corporation
Chair – Audit & Risk Committee



Nabeel Sadaka – **Industry Director** –
Suppliers and Contractors and/or Other Industry
Downer Rail Infrastructure
Member – Audit & Risk Committee



Todd Bentley, **Industry Director** –
Passenger Operations
Metro Trains Melbourne
Member - Remuneration & People Committee



Neil Backer, **Industry Director** –
Freight Operations – appointed
22 August 2016
Aurizon Limited

Role and Responsibilities of Directors

Subject to the Corporations Act and the RISSB Constitution, the Board controls and manages the affairs of the company, and may exercise all such powers of the company except those that are required by the Constitution to be exercised by Members in a General Meeting.

Directors owe RISSB an overriding duty of undivided loyalty, and have an obligation to avoid situations where there is a real or substantial possibility of conflict between personal interests and those of RISSB.

Independent Directors must not hold any office of profit nor have any direct pecuniary interest in an institution or body that performs, or may perform during the person's tenure, services to the company. Also the Independent Chair must not be a person who (in the opinion of the Board) holds any office of profit or has any direct and substantial pecuniary interest with a railway industry participant that could materially interfere with (or could reasonably be perceived to materially interfere with) the exercise of their independent judgment.

Industry Directors being employees of rail organisations, must take great care to ensure they satisfy this duty notwithstanding the requirements of their employment. Directors are entitled to advocate on behalf of their Industry sector in relation to Board deliberations, but must be careful to declare and manage any potential conflict of interest.

Operation of the Board

The Board recognises that it is accountable to Members for the performance of the organisation and has put in place policies to ensure that the company delivers on its mission and objectives as set out in the Strategic Plan.

The Board has a program of four scheduled meetings per year and these are held in the major capital cities on a rotational basis. This provides the opportunity for Directors to meet with our Members and stakeholders to better understand the issues of concern and to build stronger relationships. The Board also convenes out-of-session to address specific issues that may arise between Board meetings. There were five meetings of the Board during the financial year and the attendance details are set out on page 26. Details on the attendance at Committee meetings are also included.

In order to achieve the company's' objectives, the Board has established two standing Committees: the Audit & Risk Committee and the Remuneration and People Committee. Each of these Committees meet regularly and has a Charter which sets out their role and terms of reference.

• Audit & Risk Committee

The purpose of the Audit & Risk Committee is to advise the Board and to assist the Board to fulfil its responsibilities to Members on matters relating to the management of finance and risk. This includes oversight of RISSB's audit, financial management and reporting and the development of financial policies and delegations of authority. Importantly the Audit & Risk Committee has oversight of RISSB's

risk management processes, including the monitoring of changes in circumstance which could increase risk or vary the impact of existing risks on RISSB's risk profile.

• Remuneration & People Committee

The role of the Board Remuneration & People Committee is to assist and advise the Board to fulfil its responsibilities to Members on matters relating to the remuneration of the Chairman, Independent Directors, Chief Executive Officer and RISSB staff. In undertaking its responsibilities, the Committee seeks to ensure that RISSB's remuneration and incentive policies, practices and performance indicators are aligned to the Board's vision, values and overall business objectives.

Governance Review

As part of its commitment to continuous improvement, the Board recently commissioned an independent review of its governance including both processes and procedures. This followed a similar review which was conducted in 2014 under the previous governance arrangements. The latest report which was tabled at the September 2016 Board meeting revealed a very significant improvement in the overall governance of the Board, its relationships and also in the supporting documentation which underpin its effectiveness.

The review involved an in-depth assessment of the performance of the Board over a range of criteria including strategy, management oversight, compliance, risk management, policy framework and stakeholder engagement to name a few. The responses to a series of

questions designed to evaluate performance in these key areas were collated and allocated a rating of green, amber or red. In the Board's responses, 78% of the questions received a rating of green (good or very good), 17% of questions received a rating of amber and just 5% of red.

To quote from the report *"With a small number of exceptions, the Board has significantly improved its performance under the new constitution and structure since the last survey. This improvement is reflected in the survey participants' ratings of the Board's performance in 2014 and 2016 where the mean of the Board's performance has moved from 5.85 to 8.14."* (ratings out of 10)

The report provided a number of recommendations to address those areas where improvements were identified and the Board has commenced a process to implement those it considers beneficial.

RISSB'S STRATEGIC PLAN 2015

RISSB is the Australian Rail Industry Standards Development Organisation.

It is a not-for-profit (Corporations Law) Company limited by guarantee. RISSB is owned by its funding Members who are by and large participants in the Australian Railway Industry. It has been in operation since 2003.

The 2015 RISSB Strategic Plan was approved by the RISSB Board in September 2015. The Board reviewed the Plan in September 2016 and removed the transitional elements as that work was complete.

The Strategic Plan will be reviewed and updated every 2 years on a rolling basis to ensure it continues to satisfy and meet Members' requirements.

Mission and Vision

RISSB's Mission is:

- Working in partnership to create a safe, efficient and effective rail industry.

RISSB's Vision to be achieved in the 2015 Strategic Plan is:

- By 2020 we are the trusted leaders in the rail safety co-regulatory environment, providing products and services that enhance safety and efficiency.

Objectives, Strategies and KPIs

RISSB has 4 core Strategic Objectives to achieve its Mission and Vision in the 2015 Strategic Plan. These are underpinned by detailed strategies and measurements.

Objective 1: Products and Services

- RISSB has products and services that support its role in safety leadership in the co-regulatory model and that efficiently meet the needs of its Members and the rail industry.

Objective 2: Risk Model and Rail Incident Database

- RISSB develops and delivers a Safety Risk Model and Incident Database that meets the needs of industry and the Regulator.

Objective 3: Stakeholder Engagement

- RISSB has strong and trusted stakeholder relationships based on high quality products and a respected brand.

Objective 4: Financial Sustainability

- RISSB is a financially sustainable organisation.

THE YEAR IN REVIEW

The 2015-16 financial year was very much a year in transition for the Rail Industry Safety and Standards Board, but that did not stop RISSB from developing quality products.

During the financial year, RISSB published thirteen products, and either commenced or continued production of another thirty-two products for industry. A full list of the finished products is listed below. Importantly, this includes a standard on Road Rail Vehicles as well as Train Detection and updates to the Australian Network Rules & Procedures.

RISSB has also reviewed and refined its product developing processes. The streamlining of the process, including the implementation of a Panel of Services to be used for authoring and validating products, will see the development of standards, guidelines and codes of practices reduce in time, and the full suite of products completed in the 2019-20 financial year.

In addition to the development and publication of standards, codes of practice and guidelines, the 2015-16 financial year also saw RISSB take great leaps forward in the implementation of a Risk Model and Incident Database.

In March 2016, after a long incubation process the RISSB Board approved the Business Plan for the project, and work commenced on building a risk model and data base for all of the rail industry.

In April 2016 tenders were called from qualified companies and consultancies from around the globe to assist RISSB in the production of the

risk model, with tenders closing in July 2016. It is envisaged that the project will commence in September 2016 and will be ready for industry use in mid 2017.

Products completed in 2015-16

- AS7631 Railway Infrastructure Sighting
- AS7632 Railway Infrastructure Signage
- Safe Decisions Guideline
- AS7722 Electromagnetic Compatibility Management
- AS7715 Train Detection
- AS7502 Road Rail Vehicles
- ANRP 9020 Using Stopped Rail Traffic as Protection
- AS7721 Lineside Signals, Indicators and Signage
- AS7532 Audible Warning Devices
- National Rail Safety Strategy
- National Rail Safety Strategy Action Plan
- National Vehicle Register
- Australian Network Rules & Procedures (Revisions)

AUSTRALIAN RAIL RISK MODEL

RISSB has been promoting the production of a rail risk model for many years. Over that time RISSB's voice has been joined by the National Transport Commission (2008 National Strategy for Rail Safety Data), and the Taig Report (commissioned to review RISSB in 2012 by the Governments of Australia). More recently, the initiative has been supported by the Office of the National Rail Safety Regulator since going live in 2013.

The railway presents a difficult landscape to launch such a project. Budgets are tight, and co-regulation implies that industry itself must take the lead. That means balancing the needs of many disparate stakeholders in a democratic way.

The development of an industry risk model is one of the four objects of the company under its Constitution and one of four objectives in the Strategic Plan.

In 2016, with the new Board and CEO, the project was recast learning lessons from previous incarnations of the project. Some significant barriers have been overcome such that at the March 2016 meeting, the Board approved project initiation activities and established a Project Steering Committee comprising Tim Ryan and Deborah Spring with the addition of an observer from ONRSR. At the June 2016 Board meeting, tendering was live and at the September 2016 meeting, the Board approved the preferred supplier - and the project commenced.

An early part of the project was a series of requirements workshops around the country gaining input from stakeholders. They have been a tremendous asset providing an extensive foundation. The outputs of those workshops will shape the remainder of the project ensuring user needs are incorporated.

Through the application of this centralised risk tool, the industry will have consistent high quality safety risk information, which can be used to support better decision-making. It will provide a focus on causal factors so that they may be addressed proactively, before an incident. The model will underpin a smarter standards regime and provide confidence that industry and the Regulator are both guided by the same national safety risks; reinforcing co-regulation. Over time, as safety interventions are effected, the tool will measure their safety dividends and report on trends in safety risk. All of these will raise the profile of rail safety and have a positive effect on safety culture.

The project is due to deliver the validated risk model for industry use in mid 2017. The underpinning information architecture will be delivered in 2018.

If you'd like to know more, or become more involved in the project, please contact RISSB's Project Manager Jesse Baker jbaker@rissb.com.au.

COMMUNICATIONS

Following separation from the ARA, RISSB produced a new Strategic Plan which includes recognition of the importance of effective communications in achieving RISSB's objectives.

A communications audit was also undertaken. RISSB was assessed on a variety of areas around identity, branding, style and communication with internal groups such as the Standing Committees and Development Groups. It identified areas where communications efforts may be improved and provided a number of recommendations. A communications implementation plan was created with the recommendations to be adopted by RISSB throughout 2016 and 2017 financial years.

The communications objectives around which actions are developed are:

- Building awareness
- Encouraging uptake of RISSB products
- Safety Risk Model and Incident Database.

RISSB has a sizable and varied stakeholder group which includes:

- Internal – RISSB Board, staff, Standing Committees, Development Groups and the Safety Managers Group
- Members – both large and small as well as internal clients of large Members
- Rail Industry Stakeholders – potential members, suppliers of rail hardware, consultants to the rail industry, ARA members
- Government and Regulator stakeholders – Office of the National Rail Safety Regulator,

State and Federal transport and infrastructure Ministers, the Australian Transport Safety Bureau, and next tier government organisations

- Affiliated industry stakeholders – the ARA, Australasian Centre for Rail Innovation, TrackSafe Foundation, The Rail, Tram, and Bus Union/other unions, related industry bodies, universities and training colleges.

RISSB utilises a variety of communication channels for different purposes. These encompass the internet (website, social media), print, face-to-face meetings and events, paid advertising, sponsorship, and personal contact.

A key recommendation from the audit was that RISSB utilise its website more effectively to become a trusted source of information, and that a review of the website be undertaken to ensure the information is more user friendly and accessible. The Whistle Board newsletter was seen as being the main direct communication tool and is to be distributed on a monthly basis.

Consistency is key across all communication channels and the communications implementation plan sought to achieve this through the employment of consistent messaging and maximum use of existing channels. A range of key messages have been identified and linked to the appropriate stakeholder groups.

With a strong direction, and plan in place, RISSB is creating the change required to strengthen its position as Australia's premier setter of standards, codes, rules and guidelines intended to improve the rail industry's safety outcomes and efficiency. In this way, RISSB can best serve its Members.

RISSB MEMBERS

As at 15 September 2016

Date Registered	Member Name	Class
1-Apr-16	Alignment Safety Pty Ltd	Associate
18-Mar-15	Aurizon Holdings Limited	1
18-Mar-15	Australian Rail Track Corporation Ltd	1
1-Jul-16	Bambach Wires and Cables Pty Ltd	E
18-Mar-15	BHP Billiton Iron Ore	A
13-Aug-15	Bombardier Rail Signalling Services Pty Ltd	C
18-Mar-15	Brookfield Rail Pty Ltd	3
6-Sep-16	Calibre Transport Pty Ltd	E
10-Aug-16	Centre for Railway Engineering - CQU	Associate
18-Mar-15	CF Asia Pacific Group Pty Ltd	C
30-Jul-15	Dehn + Sohne GmbH+Co.KG	D
18-Mar-15	Downer Rail Infrastructure	B
18-Mar-15	Electro Motive Maintenance Operations Pty Ltd	C
18-Mar-15	Fortescue Metals Group Limited	A
18-Mar-15	Genesee & Wyoming Australia Pty Ltd	2
18-Mar-15	KiwiRail	B
18-Mar-15	Laing O'Rourke Australia Construction Pty Ltd	A
18-Mar-15	LendLease Engineering Pty Ltd	B
12-Jul-16	Manildra Flour Mills Pty Ltd	E

Date Registered	Member Name	Class
18-Mar-15	Metro Trains Melbourne	1
16-Feb-16	Metro Trains Sydney	E
18-Mar-15	Pacific National Pty Ltd	1
18-Mar-15	Pilbara Iron Pty Ltd (Rio Tinto Iron Ore)	A
18-Mar-15	Public Transport Authority of Western Australia	A
18-Mar-15	Public Transport Services - Adelaide	A
18-Mar-15	Public Transport Victoria	A
18-Mar-15	Queensland Rail Limited	1
25-Jul-16	Rail Approved Pty Ltd	Associate
18-Mar-15	Rail, Tram and Bus Union - National Office	D
28-Aug-15	Roy Hill Infrastructure Pty Ltd	C
18-Mar-15	SCT Logistics	B
1-Jul-16	Skills Headquarters	Associate
12-Jul-16	SNC-Lavalin Rail & Transit Pty Ltd	C
18-Mar-15	Sydney Trains	1
10-Aug-16	Tasmanian Railway Pty Limited	B
18-Mar-15	Transport for New South Wales	1
18-Mar-15	UGL Limited	A
18-Mar-15	V/Line Pty Limited	3
1-Jul-16	VicTrack	D



RAIL INDUSTRY SAFETY AND STANDARDS BOARD LIMITED

ABN 58 105 001 465

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016**

RAIL INDUSTRY SAFETY AND STANDARDS BOARD LIMITED
ABN 58 105 001 465

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RAIL INDUSTRY SAFETY AND STANDARDS BOARD LIMITED
ABN 58 105 001 465

DIRECTORS' REPORT

Your Directors present their report on the operations of the company for the financial year ended 30 June 2016.

RISSB Ownership

Following the restructure of RISSB in 2015 the company is now owned by its funding members. At present there are 39 members of RISSB. A list of current members is included in the Annual Report.

Directors

The Directors in office at any time during or since the end of the financial year are:

Name	Date Appointed
Anthony Michael Drake (Chairman)	- Appointed 19 January 2010;
Neil Brian Backer	- Appointed 22 August 2016
Brian Todd Bentley	- Appointed 23 November 2015;
David Harry George	- Appointed 1 July 2015;
Robert Peter Groves	- Appointed 28 October 2014; Ceased 23 November 2015
Timothy John Kuypers	- Appointed 17 March 2015; Resigned 18 August 2016
Timothy Francis Ryan	- Appointed 28 November 2014;
Nabeel Sadaka	- Appointed 7 August 2015;
Deborah Ann Spring	- Appointed 1 July 2015;

In accordance with the transitional provisions in the Constitution all Directors were subject to election at the Annual General Meeting held on 23 November 2015.

Objectives

The objects of RISSB are set out in RISSB's Constitution which can be found on its website at www.rissb.com.au

These are to:

- (a) develop, manage and promote a suite of standards, rules, guidance materials and other documents, including the ACOP and ANRP, to assist the rail industry to manage rail safety, improve efficiency and achieve safety outcomes through standardisation, interoperability and harmonisation;
- (b) develop a risk model for the Australian rail operating environment that is based on data and other inputs that will help drive safety improvements by guiding prioritisation of standards development and regulatory activity; and for use by the rail industry participants in directing their approach to safety management;
- (c) provide independent technical advice; and
- (d) undertake initiatives to support the rail industry's role in the co-regulatory model for rail safety in Australia.

Strategy for achieving the objectives

RISSB's Strategic Plan, a summary of which appears earlier in this report is available on the RISSB website at www.rissb.com.au, and details the strategic objectives and tactics that will be pursued to deliver these objectives.

RAIL INDUSTRY SAFETY AND STANDARDS BOARD LIMITED

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DIRECTORS' REPORT

In essence:

- RISSB draw's on subject matter experts within the Rail Industry and Governments to develop its products.
- Harmonisation, interoperability and safety are pursued through RISSB Development Groups and Standing Committees and the results (and products) are reported to the RISSB Board at its quarterly meetings.
- A project to develop the risk model is underway in collaboration with the Office of the National Rail Safety Regulator.
- Independent technical advice is provided through existing resources, but is limited at present to resolution of matters of conflict between rail operators and managers where there is a matter of application of standards involved.

Information on Directors

Anthony Drake	During 31 years with Queensland Rail (QR), Mr Drake's career covered engineering, project management and general management of large resource groups. A member of QR's senior executive team for 16 years he participated in guiding the many changes that molded QR into a pre- eminent position in transport and infrastructure management in Australia. He retired as Chief Operating Officer in 2006. His rail contribution was recognised with an Australasian Railways Association Career Award for Excellence in 2007. He continues his involvement with the rail industry through consulting and as Independent Chairman of RISSB. Qualifications: BE (Civil), MIE(Aust), GAICD, FCLIT.
Neil Backer	Neil Backer has 35 years strategic and operational experience in the Australian rail industry. Over his extensive career with Aurizon and Queensland Rail he has held a range of senior leadership roles across the freight and passenger businesses including as Group General Manager of Regional Freight and Group Business Operations Manager of Passenger Services. In his current role as VP Safety Health & Environment, Neil is leading Aurizon's journey towards world-class Safety Health & Environment performance. Neil has expert knowledge of the national transport and logistics industry and has represented the company on the Chartered Institute of Logistics and Transport Australia (CILTA). Qualifications: CSEP, Grad Dip (Freight Transport Systems Management).
Todd Bentley	Todd Bentley is the Director of Safety, Environment and Risk at Metro Trains Melbourne. Todd has had the opportunity to support the design of nuclear power plant control centres, develop human systems integration process for Australian defense, led human factors guidance during revision of Naval combat systems, and has also been an academic in the area of ergonomics and human factors. He retains an appointment as an Adjunct Associate Professor at La Trobe University. He has over 10 years' experience working in human factors, safety investigations, and risk management in the Australian rail industry.
David George	David George has extensive experience in the rail industry having held executive positions in the UK, Australian and New Zealand railways. He was Chief Executive

RAIL INDUSTRY SAFETY AND STANDARDS BOARD LIMITED

ABN 58 105 001 465

DIRECTORS' REPORT

	<p>of the Co-operative Research Centre (CRC) for Rail Innovation (2007-2014), Vice Chair, International Railway Research Board (2007-2013) and Chief Executive of ONTRACK /New Zealand Rail Corporation (2004 – 2007). Prior to this he headed up Queensland Rail's coal and freight businesses (1998 – 2004) and was previously Director of European Business (freight) for British Rail in the run-up to the opening of the Channel Tunnel. David is currently an independent Director of TasRail (including Chair of the Board Safety Committee) and Managing Director of D George Advisory Services. He has recently worked with CQU on a World Bank funded assignment providing advice to Indian Railways on the heavy haul capabilities needed to run the new Dedicated Freight Corridors being built in India. David is a FAICD and a FCILT and has an MA in Metallurgy and Science of Materials from Oxford University.</p>
Robert Groves	<p>Robert Groves is an experienced health & safety professional with over 30 years' experience in the rail industry. Robert has international health & safety experience within the transport sector including high speed and conventional rail, light rail, metro, bus operations and major construction projects. Robert spent his first 5 years in Australia working in the rail construction industry achieving rail safety accreditation as Rolling Stock Operators (RSO) and Rail Infrastructure Managers (RIM) for two prominent construction companies. Robert is a graduate of the University of Greenwich gaining a Master's degree in Occupational Safety and Health. Robert holds Chartered status memberships with both the Institute of Occupational Safety and Health (CMIOSH) and Safety in Australia (CPMSIA). In 2013 Robert was appointed as Director Safety Environment Quality & Risk for Sydney Trains.</p>
Timothy Kuypers	<p>Tim Kuypers has over twenty years' experience as a regulatory professional in UK, Europe and Australia. Currently he holds an executive role for Asciano, owner of Pacific National and Patrick stevedores. Tim's previous roles have included senior positions at Telstra, Cable & Wireless and Ofel. Tim is currently a Director and Chair of the Public Finance Committee for TrackSAFE, a charity which aims to reduce death on the railways through suicide and trespass and support train drivers suffering traumatic incidents. He is also an independent member on Metro Trains Melbourne's Board Safety Committee and a Director of TROG Cancer Research. Tim has a PhD in Economics from University College London, a Diploma in Accounting and Finance from the ACCA and is a GAICD.</p>
Timothy Ryan	<p>After a 13 year career with the WA Farmers Federation, including 4 years as it's Executive Director, Tim Ryan joined the then Westrail in 1992. Tim was initially responsible for the transfer of the interstate business to National Rail Corporation including developing and executing the first commercial access agreement in Australia. He spent three years as Westrail's General Manager Freight Operations responsible for train operations, safeworking, and infrastructure maintenance and train control. Tim commenced employment with Australian Rail Track Corporation (ARTC) as General Manager Asset Management in February 2005 and has held the positions of General Manager North/South Corridor, General Manager Hunter Valley and Executive General</p>

RAIL INDUSTRY SAFETY AND STANDARDS BOARD LIMITED**ABN 58 105 001 465****DIRECTORS' REPORT**

	Manager Interstate Network responsible for operations and infrastructure on the ARTC interstate network. In August 2014 he was appointed as Executive General Manager Enterprise Services responsible for Regulatory and Network Services; and Systems and Technology.
Nabeel Sadaka	Nabeel Sadaka is a civil engineer with a broad range of industry experience. With a strong multidisciplinary background in civil infrastructure, mine infrastructure, marine, wind energy, wireless telecommunications and rail, Nabeel is now leading Downer Australia's Rail Infrastructure Division as well as Downer's growing subsidiary company VEC Civil Engineering which specialises in narrow gauge rail maintenance in Tasmania and bridge and marine structures across Australia.
Deborah Spring	Debbie Spring has broad experience gained as a senior executive across a diverse range of industries in both domestic and international markets. These include energy, manufacturing, recycling, petro-chemicals, rail, technology, transport and logistics. Debbie's expertise is in implementing major business transformation programs in large, complex, capital intensive, highly regulated and unionised industries. She has extensive Board experience in health services, environment, education, community services and logistics including memberships of sub-committees responsible for finance, audit and risk, HR, innovation, operations and safety, security, health and the environment. Debbie's Board positions have included Ambulance Victoria, Federation University of Australia, Mount Hotham Resort Management Board and V/Line Corporation. Debbie has a Bachelor of Science in Mechanical Engineering from Union College, a Master of Science in Mechanical Engineering from Rensselaer Polytechnic Institute and a Master in Business Administration from Harvard Business School. She is a licensed professional engineer and a GAICD.

Meetings of Directors held during the Financial Year

	Number eligible to attend	Number attended
Anthony Drake	5	5
Todd Bentley	2	2
David George	5	5
Robert Groves	3	3
Timothy Kuypers	5	4
Timothy Ryan	5	5
Nabeel Sadaka	5	5
Deborah Spring	5	5

RAIL INDUSTRY SAFETY AND STANDARDS BOARD LIMITED

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DIRECTORS' REPORT

Meetings of Committees held during the Financial Year

	Audit & Risk		Remuneration & People	
	Meetings Eligible to Attend	Attended	Meetings Eligible to Attend	Attended
Anthony Drake	-	-	3	3
David George	2	2	-	-
Timothy Kuypers	-	-	3	3
Timothy Ryan	2	2	-	-
Nabeel Sadaka	2	2	-	-
Deborah Spring	-	-	2	2

Contributions on winding up

In the event of the company being wound up, members (serving and within one year of ceasing to be a member) are required to contribute a maximum of \$10 each.

The total amount that members of the company are liable to contribute if the company is wound up based on 39 current members is \$390.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Signed by two directors in accordance with a resolution of the Board of Directors:



Anthony Drake



Timothy Ryan

Dated: _____

15th September 2016

RAIL INDUSTRY SAFETY AND STANDARDS BOARD LIMITED
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**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C
OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2016 there has been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

PKF Di Bartolo Diamond & Mihailaros



Ross Di Bartolo
Partner

Dated: 15 September 2016

RAIL INDUSTRY SAFETY AND STANDARDS BOARD LIMITED
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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 \$	2015 \$
Revenue from ordinary activities	3(a)	4,198,644	3,979,743
Depreciation and amortisation expenses	3(b)	(25,765)	(18,441)
Employee benefits expenses	3(b)	(1,629,591)	(1,690,334)
Other expenses from ordinary activities	3(b)	(1,897,030)	(1,831,553)
Profit from ordinary activities		646,258	439,415
Other comprehensive income		-	-
Net gain on revaluation of non-current assets		-	-
Net loss/gain on revaluation of financial assets		-	-
Other comprehensive income for the year		-	-
Total comprehensive income for the year		646,258	439,415
Profit attributable to members of the entity		646,258	439,415
Total comprehensive income attributable to members of the entity		646,258	439,415

RAIL INDUSTRY SAFETY AND STANDARDS BOARD LIMITED
ABN 58 105 001 465

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Notes	2016 \$	2015 \$
CURRENT ASSETS			
Cash and cash equivalents	5	2,206,006	1,882,007
Trade & other receivables	6	790,850	460,550
Other assets	7	52,584	182,704
TOTAL CURRENT ASSETS		3,049,440	2,525,261
NON-CURRENT ASSETS			
Property, plant and equipment	8	24,774	21,834
Intangible assets	9	39,883	51,613
TOTAL NON-CURRENT ASSETS		64,657	73,447
TOTAL ASSETS		3,114,097	2,598,708
CURRENT LIABILITIES			
Trade & other payables	10	296,445	234,881
Other liabilities	11	1,500,000	1,500,000
Employee provisions	12	103,107	295,540
TOTAL CURRENT LIABILITIES		1,899,552	2,030,421
NON-CURRENT LIABILITIES			
Employee Provisions	12	-	-
TOTAL NON-CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		1,899,552	2,030,421
NET ASSETS		1,214,545	568,287
EQUITY			
Retained profits		1,214,545	568,287
TOTAL EQUITY		1,214,545	568,287

RAIL INDUSTRY SAFETY AND STANDARDS BOARD LIMITED
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	Retained Earnings \$	Total Equity \$
Balance at 1 July 2014	128,872	128,872
Net Surplus/(Loss) for the year	439,415	439,415
Balance at 30 June 2015	<u>568,287</u>	<u>568,287</u>
 Balance at 1 July 2015	 568,287	 568,287
Net Surplus/(Loss) for the year	646,258	646,258
Balance at 30 June 2016	<u>1,214,545</u>	<u>1,214,545</u>

RAIL INDUSTRY SAFETY AND STANDARDS BOARD LIMITED
ABN 58 105 001 465

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 \$	2015 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		3,848,820	3,578,620
Payments to suppliers and employees		(3,527,079)	(3,505,339)
Interest received		19,524	33,602
Net cash provided by/(used in) operating activities	18(b)	341,265	106,883
CASH FLOW FROM INVESTING ACTIVITIES			
Receipts from sale of property, plant & equipment		-	-
Payment for property, plant and equipment		(17,266)	(16,241)
Payment for intangibles		-	(58,651)
Net cash used in investing activities		(17,266)	(74,892)
CASH FLOW FROM FINANCING ACTIVITIES			
Loan funds from Australasian Railway Association		-	-
Net cash provided by/(used in) financing activities		-	-
Net increase/(decrease) in cash held		323,999	31,991
Cash at beginning of financial year		1,882,007	1,850,016
Cash at end of financial year	18(a)	2,206,006	1,882,007

RAIL INDUSTRY SAFETY AND STANDARDS BOARD LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report is for the entity Rail Industry Safety and Standards Board Limited as an individual entity. Rail Industry Safety and Standards Board Limited is a company limited by guarantee, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs. It does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (IFRS). Compliance with the Australian equivalents to IFRS (AIFRS) ensures that the financial report, comprising the financial statements and notes complies with IFRS.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Income Tax

No provision for income tax has been raised as the company has self-assessed itself to be exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

(b) Cash

For the purposes of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, investments in money market instruments maturing within less than two months and net of bank overdrafts.

(c) Revenue

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Other revenue is recognised when the right to receive the revenue has been established. All revenue is stated net of the amount of goods and services tax (GST).

(d) Property, Plant and Equipment

Each class of property plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

Plant and equipment

Plant and equipment is measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated over their estimated useful lives to the company commencing from the time the asset is held ready for use. Properties held for investment purposes are not subject to a depreciation charge. Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates and useful lives used for each class of depreciable assets are:

Class of fixed asset	Depreciation rates/useful lives	Depreciation basis
Office Equipment	10 – 40 %	Straight Line
Office Furniture & Fittings	20%	Straight Line

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

(f) Receivables

Trade receivables and other receivables are recorded at amounts due less any provision for doubtful debts.

(g) Payables

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the company.

(h) Employee Benefits

Provision is made for the entity's liability for employee benefits arising from services rendered by employees to the statement of financial position date. Employee benefits expected to be settled within one year together with benefits arising from wages, salaries and annual leave which may be settled after one year, have been measured at the amounts expected to be paid when the liability is settled.

(i) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Finance instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- (i) the amount at which the financial asset or financial liability is measured at initial recognition;
- (ii) less principal repayments;
- (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- (iv) less any reduction for impairment.

The *effective interest* method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

(ii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the Statement of comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability, which is extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(j) Impairment of Assets

At each reporting date, the company reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(k) Intangibles

Licence costs associated with access to the UK Safety Performance guidelines have been specifically classified as an intangible and recorded at cost. Licence fees are amortised over a 5 year period and carried at cost less accumulated amortisation and any impairment loss.

RAIL INDUSTRY SAFETY AND STANDARDS BOARD LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$	2015 \$
NOTE 2: ECONOMIC DEPENDENCE		
Economic dependence exists where the normal trading activities of a company depends upon a significant volume of business. The Rail Industry Safety and Standards Board Limited is dependent on funding received from rail industry participants to carry out its normal activities		
NOTE 3: PROFIT FROM ORDINARY ACTIVITIES		
Profit (losses) from ordinary activities has been determined after:		
(a) Revenue		
Funding & grant income	924,399	2,158,346
Secretariat support	3,000,000	1,500,000
Interest income	19,524	33,602
Project income	238,388	122,854
Other income	16,333	164,941
Total Income	<u>4,198,644</u>	<u>3,979,743</u>
(b) Expenses		
Administration charges	162,383	173,250
Consultancy & project costs	1,481,927	1,522,240
Depreciation & amortisation	25,765	18,441
Salaries & employment costs	1,501,327	1,566,062
Superannuation	128,264	124,273
Website costs	23,791	6,771
Other expenses	228,929	129,291
Total Expenses	<u>3,552,386</u>	<u>3,540,328</u>
NOTE 4: AUDITOR'S REMUNERATION		
Audit services	22,000	21,500
Other services	2,000	3,700
	<u>24,000</u>	<u>25,200</u>
NOTE 5: CASH & CASH EQUIVALENTS		
Cash at bank	<u>2,206,006</u>	<u>1,882,007</u>
NOTE 6: TRADE & OTHER RECEIVABLES		
Trade debtors	790,850	460,550
Less: Provision for doubtful debts	-	-
Trade & other receivables	<u>790,850</u>	<u>460,550</u>

RAIL INDUSTRY SAFETY AND STANDARDS BOARD LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

2016
\$
2015
\$

NOTE 6: TRADE & OTHER RECEIVABLES (CONTINUED)

(i) Provision for Impairment of Receivables

Current trade receivables are generally on 30-day terms. These receivables are assessed for recoverability and a provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. These amounts have been included in other expense items.

(ii) Credit Risk — Trade & Other Receivables

The company does not have any material credit risk exposure to any single receivable or group of receivables.

The following table details the company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the company and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross amount	Past due and impaired	Past due but not impaired (days overdue)				Within initial trade terms
	\$	\$	< 30	31–60	61–90	> 90	\$
2016							
Trade and term receivables	790,850	-	688,050	-	67,800	35,000	-
Other receivables	-	-	-	-	-	-	-
Total	790,850	-	688,050	-	67,800	35,000	-
2015							
Trade and term receivables	460,550	-	-	457,050	3,500	-	-
Other receivables	-	-	-	-	-	-	-
Total	460,550	-	-	457,050	3,500	-	-

The company does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

There are no balances within trade receivables that contain assets that are not impaired and are past due. Total receivables have been received in full subsequent to 30 June 2016.

RAIL INDUSTRY SAFETY AND STANDARDS BOARD LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$	2015 \$
NOTE 7: OTHER ASSETS		
CURRENT		
Accrued revenue	3,961	165,411
Prepayments	48,623	17,293
	<u>52,584</u>	<u>182,704</u>

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

PLANT AND EQUIPMENT

Office equipment - at cost	92,458	121,995
Less accumulated depreciation	(70,183)	(102,983)
	<u>22,275</u>	<u>19,012</u>
Office furniture & fittings - at cost	17,140	16,443
Less accumulated depreciation	(14,641)	(13,621)
	<u>2,499</u>	<u>2,822</u>
Total property, plant and equipment	<u>24,774</u>	<u>21,834</u>

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

	Office equipment \$	Office furniture & fittings \$	Total \$
2016			
Balance at the beginning of the year	19,012	2,822	21,834
Additions	16,570	696	17,266
Disposals	(291)	-	(291)
Depreciation expense	(13,016)	(1,019)	(14,035)
Carrying amount at end of year	<u>22,275</u>	<u>2,499</u>	<u>24,774</u>

NOTE 9: INTANGIBLE ASSETS

Licenses - at cost	58,651	58,651
Less accumulated amortisation	(18,768)	(7,038)
	<u>39,883</u>	<u>51,613</u>

NOTE 10: TRADE & OTHER PAYABLES

CURRENT		
Trade creditors and accruals	145,000	85,530
Sundry creditors	151,445	149,351
	<u>296,445</u>	<u>234,881</u>

RAIL INDUSTRY SAFETY AND STANDARDS BOARD LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$	2015 \$
NOTE 11: OTHER LIABILITIES		
CURRENT		
Income in advance	1,500,000	1,500,000

NOTE 12: EMPLOYEE PROVISIONS

CURRENT		
Provision for annual leave	103,107	82,364
Provision for redundancy	-	142,721
Provision for long service leave	-	70,455
	<u>103,107</u>	<u>295,540</u>

NON-CURRENT

Provision for long service leave (Non-Current)	-	-
--	---	---

Movement in Employee Provisions

Opening balance at beginning of year	295,540	114,406
Additional provisions raised during year	137,589	258,936
Amounts used	(330,022)	(77,802)
	<u>103,107</u>	<u>295,540</u>

NOTE 13: COMMITMENTS & CONTIGENCIES

Commitments

There are no known commitments at the date of this report that should be brought to account.

Contingencies

Rail Industry Safety and Standards Board Limited considers itself to be exempt from income tax under Section 50-10 of the Income Tax Assessment Act (1997).

NOTE 14: AFTER BALANCE DATE EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

NOTE 15: KEY MANAGEMENT PERSONNEL COMPENSATION

Short-Term Benefits (including termination payment)	356,581	235,236
Other Long-Term Benefits	-	-
Total Key Management Personnel Compensation	<u>356,581</u>	<u>235,236</u>

RAIL INDUSTRY SAFETY AND STANDARDS BOARD LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$	2015 \$
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NOTE 16: RELATED PARTY TRANSACTIONS

The names of directors who have held office during the financial year are:

Anthony Michael Drake (Chairman) - Appointed 19 January 2010;
 Brian Todd Bentley - Appointed 23 November 2015;
 David Harry George - Appointed 1 July 2015;
 Robert Peter Groves - Appointed 28 October 2014; Ceased 23 November 2015
 Timothy John Kuypers - Appointed 17 March 2015;
 Timothy Francis Ryan - Appointed 28 November 2014;
 Nabeel Sadaka - Appointed 7 August 2015;
 Deborah Ann Spring - Appointed 1 July 2015;

The Rail Industry Safety and Standards Board paid \$42,320 (including GST) during the financial year to T D Resources, a Company associated with Anthony Drake, for services he provided as a director and for expenses incurred in performing his duties.

NOTE 17: SEGMENT REPORTING

The Company operates in the Rail Services Segment.

NOTE 18: CASH FLOW INFORMATION

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash at bank	2,206,006	1,882,007
	<u>2,206,006</u>	<u>1,882,007</u>
 (b) Reconciliation of cash flow from operations with profit from ordinary activities after income tax		
Profit/(Loss) from ordinary activities after income tax	646,258	439,415
Non-cash flows in profit from ordinary activities		
Depreciation	25,765	18,441
Loss on sale of assets	291	-
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in trade & other receivables	(330,300)	(413,592)
(Increase)/decrease in other assets	130,121	(105,240)
Increase/(decrease) in trade & other payables	61,563	(13,275)
Increase/(decrease) in provisions	(192,433)	181,134
Cash flows from operations	<u>341,265</u>	<u>106,883</u>

RAIL INDUSTRY SAFETY AND STANDARDS BOARD LIMITED
ABN 58 105 001 465

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

		2016 \$	2015 \$
NOTE 19: FINANCIAL RISK MANAGEMENT			
(i) Financial Risk Management Policies			
The company's financial instruments consist mainly of cash and deposits at bank, trade debtors and trade creditors. The Board of Directors meet on a regular basis to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. The total of each category of financial instruments, measured in accordance with AASB139 as detailed in the accounting policies to these financial statements, are detailed below:			
Financial Assets	Note		
Cash and cash equivalents	5	2,206,006	1,882,007
Trade and other receivables	6	790,850	460,550
		<u>2,996,856</u>	<u>2,342,557</u>
Financial Liabilities			
Trade and other payables	10	296,445	234,881
		<u>296,445</u>	<u>234,881</u>

(ii) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

(iii) Liquidity risk

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The company manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- investing only in surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

RAIL INDUSTRY SAFETY AND STANDARDS BOARD LIMITED
ABN 58 105 001 465

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	2016		2015					
	\$		\$					
NOTE 19: FINANCIAL RISK MANAGEMENT (CONTINUED)								
Financial liability and financial asset maturity analysis								
	Within 1 Year		1 to 5 Years		Over 5 Years		Total Cash Flow	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment								
Trade & other payables	296,445	234,881	-	-	-	-	296,445	234,881
Total expected outflows	296,445	234,881	-	-	-	-	296,445	234,881
Financial assets — cash flows realisable								
Cash and cash equivalents	2,206,006	1,882,007	-	-	-	-	2,206,006	1,882,007
Trade & other receivables	790,850	460,550	-	-	-	-	790,850	460,550
Total anticipated inflows	2,996,856	2,342,557	-	-	-	-	2,996,856	2,342,557
Net (outflow)/inflow	2,700,411	2,107,676	-	-	-	-	2,700,411	2,107,676

(iv) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counter parties of contract obligations that could lead to a financial loss to the company.

Credit risk is managed through the maintenance of procedures (such procedures include the utilisation of systems for the approval, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counter parties), ensuring to the extent possible, that customers and counter parties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating, or in entities that the executive committee has otherwise cleared as being financially sound.

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount as disclosed in the statement of financial position and notes to the financial statements. The company does not have any material credit risk exposure to any single debtor or group of debtors.

NOTE 20: COMPANY DETAILS

The registered office of the company is:

Rail Industry Safety and Standards Board Limited
Suite 4, Level 4, Plaza Offices (East)
Terminal Complex, CANBERRA AIRPORT ACT 2609

Date of Incorporation: 16 June 2003


RAIL INDUSTRY SAFETY AND STANDARDS BOARD LIMITED
ABN 58 105 001 465

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 9 to 22 are in accordance with the Corporations Act 2001:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2016 and of the performance for the financial year ended on that date of the company.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

Director 

Anthony Drake

Director 

Timothy Ryan

Dated: 15th September 2016

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF RAIL INDUSTRY SAFETY AND STANDARDS BOARD LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Rail Industry Safety and Standards Board Limited (the company), which comprises the statement of financial position as at 30 June 2016 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 judgment, 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 controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* has been provided to the Directors of the Rail Industry Safety and Standards Board Limited.

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
RAIL INDUSTRY SAFETY AND STANDARDS BOARD LIMITED**

Auditor's Opinion

In our opinion, the financial report of Rail Industry Safety and Standards Board Limited is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the company's financial position as at 30 June 2016 and of the performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

PKF Di Bartolo Diamond & Mihailaros



Ross Di Bartolo
Partner

Dated: 15 September 2016

**DISCLAIMER TO THE MEMBERS OF
RAIL INDUSTRY SAFETY AND STANDARDS BOARD LIMITED**

The additional financial data presented on the following is in accordance with the books and records of the company which have been subjected to the auditing procedures applied in our statutory audit of the company for the financial year ended 30 June 2016. It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and we give no warranty of accuracy or reliability in respect of the data provided. Neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person (other than Rail Industry Safety and Standards Board Limited) in respect of such data, including any errors of omissions therein however caused.

PKF Di Bartolo Diamond & Mihailaros



Ross Di Bartolo
Partner

Dated: 15 September 2016

Tel: 02 6257 7500 | Fax: 02 6257 7599 | www.pkf.com.au
Level 7, 28 University Ave | Canberra City | ACT 2601
GPO Box 588 | Canberra City | ACT 2601

PARTNERS:
Ross Di Bartolo B.A (Accounting). FCA
George Diamond B.Ec. FCA
John Mihailaros B.Comm (Accounting). CA

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RAIL INDUSTRY SAFETY AND STANDARDS BOARD LIMITED
ABN 58 105 001 465

DETAILED PROFIT AND LOSS
FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$	2015 \$
INCOME		
Funding Income	924,399	2,158,346
Interest	19,524	33,602
Project Income	238,388	122,854
Secretariat Support	3,000,000	1,500,000
Other income	16,333	164,941
TOTAL INCOME	4,198,644	3,979,743
LESS EXPENSES		
ACOP Management	190,285	176,938
Administration & Consulting Fees	162,383	173,250
Annual Leave Expense	20,743	32,811
Accounting & Audit Fees	24,000	25,200
Depreciation & amortisation	25,765	18,441
Events	99,055	24,006
Infrastructure Standards Expenses	154,235	240,533
Marketing	88,902	16,275
Non ACOP Projects	195,754	126,297
Rail Reform & Safety Expenses	97,954	48,245
Repairs & Maintenance	19,663	2,482
Rolling Stock Standards Expenses	158,464	366,470
Rule Book & Interoperability Expenses	106,491	104,513
Salaries & Employment Costs	1,480,584	1,533,251
Staff Training	21,532	17,135
Sundry Expenses	296,357	174,603
Superannuation	128,264	124,273
Train Control & System Expenses	258,164	328,834
Website Costs	23,791	6,771
TOTAL EXPENSES	3,552,386	3,540,328
OPERATING SURPLUS/(LOSS)	646,258	439,415





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