



2017 | 2018

Annual Report

RISSB 
RAIL INDUSTRY SAFETY AND STANDARDS BOARD

Rail Industry Safety and Standards Board

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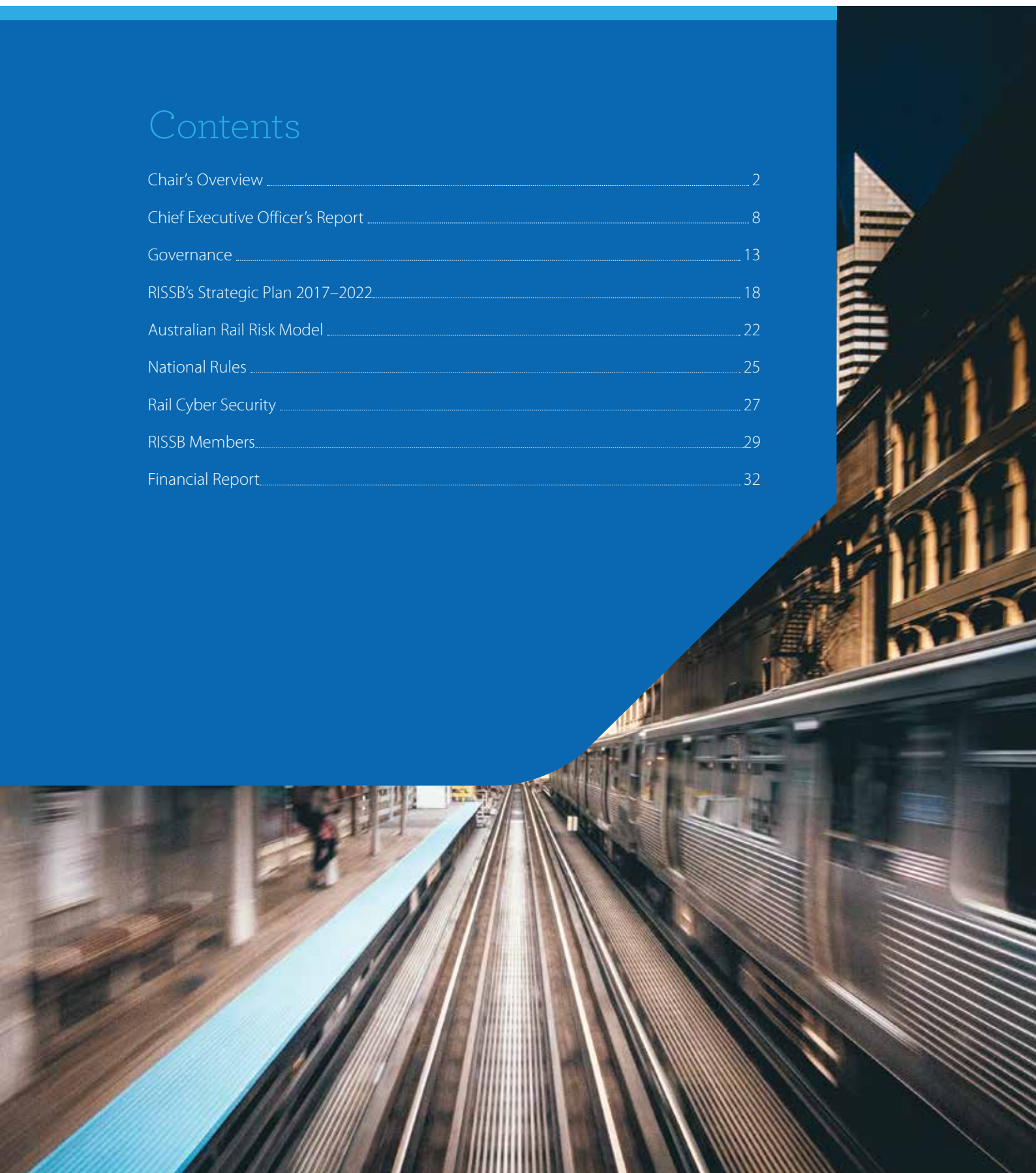
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Chair's Overview

2017–18 has been a truly great year for RISSB, delivering standards, products and services to the Australian rail industry to improve safety, promote harmonisation and enable interoperability.

For the first time, RISSB exceeded its planned work program for the year by delivering 25 products (against a plan of 20) while at the same time strengthening its financial position and further reducing the time required for product development. This has placed RISSB in a very strong position to meet the challenges faced by the rail industry in adapting to new technology and the demands of customers and stakeholders. In the coming year, RISSB will continue to focus on providing the products and services vital to delivering effective outcomes as well as developing new initiatives to support industry into the future.

Strategic Plan

As reported last year, the Board initiated a major review of RISSB's Strategic Plan in 2017 involving Members, Governments and Stakeholders. This intensive process led to the development of Six Strategic Pillars which underpin RISSB's Strategic Plan 2017–2022. This plan is designed to take RISSB forward over the coming years and ensure that RISSB continues to shape the industry and add value to its Members, Governments and Stakeholders. A summary of the Strategic Plan is included in this report and Members will be asked to endorse the plan again at the Annual General Meeting in November this year.

In 2019 the Board will conduct a thorough review of the plan to ensure that it continues to meet the expectations of our Members and Stakeholders in driving industry forward.

Membership

RISSB Members have continued their strong commitment to support RISSB's work in standards development and industry harmonisation. Their continuing financial contribution as Members and in-kind support (through staff participation in Development Groups, Standing Committees and consultative workshops) has enabled RISSB to over deliver on its work program while at the same time retaining a surplus that will be applied to future activities.



**RISSB exceeded
its planned work
program for the
year by delivering**

**25
products**

At the end of June 2018, RISSB had 50 Members; up from 44 at the same time last year. A list of current Members is provided later in this report. Further initiatives are underway to grow the membership base over the coming year.

Achievements in 2017–18

RISSB's achievements in 2017–18 were very significant and included the following:

- Delivered 25 products – 5 more than planned
- Launched the Australian Rail Risk Model (ARRM)
- Reduced project development time to 12 months
- Secured a new five-year funding Memorandum of Understanding (MoU) with Australian Governments
- Developed the world's first Rail Cyber Security Standard
- Delivered the draft National Rules in May 2018.

The CEO has reported on the work program for 2017–18 and the outstanding results achieved by the team in his CEO Report, so please refer to that section for a full account.

Financial Results

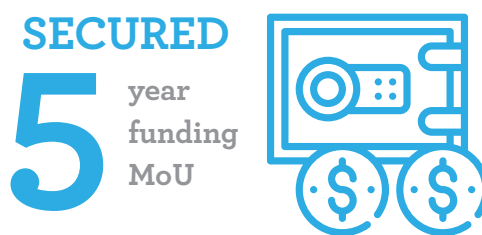
With the additional membership revenue and savings in program expenditure, RISSB recorded a surplus of \$574,795 in 2017–18. This adds to our previous retained earnings and provides a strong base to ensure we remain solvent and able to deliver on our program. It also enables RISSB to deliver value adding projects such as ARRM and to consider initiatives concerning the impact of new technology and innovation in the rail industry and expanding our training program to better service the needs of our Members and Stakeholders.



Australian Rail Risk Model (ARRM)



development time to 12 months



with Australian Governments



Rail Cyber Security Standard

Governance

The RISSB Board, currently comprising four Industry Directors, two Independent Directors and an Independent Chair continues to function at a high level with all Directors highly engaged and contributing to the oversight and governance of RISSB.

During the year, the Board continued to review its performance. Following a detailed assessment of the Board and its two Committees in late 2017, it was recognised that the Board would be strengthened by the appointment of a second Independent Director. An extensive recruitment campaign was conducted which attracted a wide field of fine candidates. This was very pleasing and underscored the importance of the role and RISSB's ongoing contribution to the rail industry. Following a rigorous selection process, Tim Kuypers was appointed in April 2018. In January this year we were also joined by a new Industry Director for the Network Managers/ Owners sector; Paul Lowney from Arc Infrastructure, following the retirement of Tim Ryan from ARTC.

RISSB's two Board Committees; the Audit & Risk Committee and the Remuneration & People Committee continued to provide very effective support to the deliberations of the Board and benefitted from an increase in their membership from three Members to four.

We anticipate delivering 36 products in 2018–19 out of a total work program of 55 projects.



Future Outlook

Critical relationships for RISSB remain with our Members, Governments and the Office of the National Rail Safety Regulator as we seek to work closely to generate outcomes that benefit rail through effective co-regulation.

With the successful introduction of improvements to our development process, we anticipate delivering 36 products in 2018–19 out of a total work program of 55 projects. This will be achieved using our normal sources of income and will provide an example of the efficiencies that have been accomplished over the last year.

Further development work is planned for the Risk Model to enhance its capabilities and fast track the uploading of data into the model. This will enable finer resolution on safety risk and adding new functionality.

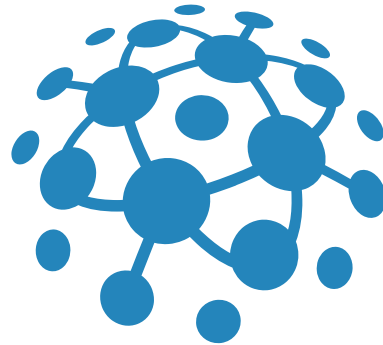
RISSB will also focus on technology and innovation and has embarked on a program to identify the barriers in industry that make take up of new technology difficult and diminish the opportunities for innovation. This area is a key pillar in RISSB's Strategic Plan and is vitally important for the future of the rail Industry. RISSB will also be focusing on interoperability and will be developing a Train Control Road Map for industry to consider.

The development of the National Rules will continue with the final version expected in early 2019 and the supporting documents to be completed by the end of the financial year. With the completion of the Rail Cyber Security Standard this year, RISSB's efforts have now moved to launching the Rail Cyber Security Strategy.

A key part of RISSB's role is to provide education and training around rail safety, especially to support the adoption of RISSB products. Since it commenced, RISSB has undertaken events and training for Members to add value to their membership as well as provide opportunities for Members to share knowledge and comply with legal requirements. To build on this role, RISSB will expand its events and training program next year, with an emphasis on delivering more training to educate industry on RISSB products and their use and give industry the skills needed to operate in the co-regulatory environment.

RISSB is a leader in rail safety and providing education and training opportunities to the industry is fundamental to this role. Across industry RISSB has garnered strong support to provide more education and knowledge sharing opportunities, particularly in cross industry environments. As part of this effort RISSB has launched the Horizons Program to encourage young rail professionals to be involved with RISSB and have the opportunity to contribute on a technical level. The program will provide participants with the opportunity to network with like-minded professionals on a national level while at the same time assisting with the development of RISSB products.

For RISSB, consultation and collaboration with its Members, Government and Stakeholders is paramount. RISSB has, and will continue to strengthen these relationships to ensure that RISSB is providing high quality, value-adding products and services that the Industry needs in a timely and efficient manner.



HORIZONS PROGRAM launched

to encourage young rail
professionals to be involved
with RISSB and have the
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Acknowledgements

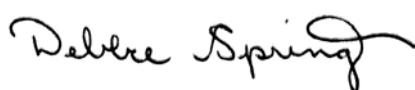
In December 2017, Tim Ryan stepped down as Industry Director - Network Managers/Owners and also as Chair of the Audit & Risk Committee. The Board and I would like to record our sincere thanks to Tim for his enormous contribution to RISSB during a period of very significant change which saw the company successfully transition to the strong and independent organisation it is today working for the benefit of the entire rail industry.

I would also like to thank all RISSB Board Members for their contributions and service over the past year. My fellow Board Members are committed to RISSB and focussed on getting the job done and providing the best outcomes for the rail industry. Working with them continues to be a great pleasure.

This report would be incomplete without a few words on the RISSB team who have performed wonderfully in 2017–18 under the leadership of Paul Daly. Much has been achieved through their efforts this year and this has been much appreciated by the Board.

We also acknowledge the very significant contribution by the Members of our Development Groups and Standing Committees – the subject matter experts who ensure that our products are fit for purpose and satisfy RISSB's obligations to its Members. The success of our programs is dependent on them.

Finally, I would like to extend an enormous thanks to you – RISSB's Members, Governments and Stakeholders – for your continued support over the past year. The Board appreciates the time and energy everyone has taken to provide us with their contributions on the development of the Risk Model, National Rules and our products. We look forward to your continued support in 2018–19.



Deborah Spring

Chair, On behalf of the RISSB Board





Chief Executive Officer's Report

RISSB has continued on its upwards trajectory throughout the 2017–18 financial year, hitting or exceeding all targets placed on itself or by industry and Stakeholders.

Product development, the core of RISSB's operations, continued to increase while major projects such as ARRM and National Rules were either completed or progressed in accordance with their work plan and budget.

Strategic Direction

RISSB has continued to operate in line with its overarching Strategic Plan 2017–2022, ensuring that all six pillar objectives were met through a variety of means including conducting conferences and forums, delivering training, completing major projects and of course executing the 2017–18 work plan.

Some of the products developed throughout the year included:

- Brake Blocks (Standard)
- Signalling Principles (Standard)
- Safety Critical Communications (Guideline)
- Human Factors Integration in Engineering Design (Guideline)
- Continuous Welded Rail Management (Guideline).

Financial Year 2017–18 Performance

Product Development

I am very pleased to advise Members, Governments and Stakeholders that throughout the 2017–18 financial year RISSB exceeded its production targets, producing 25 new Standards and products (20 was the target for the financial year) and delivering them to the rail industry.

25 products is the highest number of products RISSB has produced in any one financial year (in 2011 RISSB produced only 12 products) and can be attributed to the amendments to the development process and changes made to the Standards Development Manager's responsibilities and accountabilities. RISSB will seek to increase production again in the 2018–19 financial year.

Financials

RISSB continued to improve and strengthen its financial position in many areas. The operating surplus of \$574,795 for FY2017–18 is a significant increase on the FY2016–17 result of \$312,808.

RISSB's current assets have exceeded short term liabilities by \$3,542,826 at 30 June 2018 which is an improvement in overall short-term liquidity when compared with the prior year. The overall net asset position and net equity position of \$3,602,148 at 30 June 2018 has also strengthened when compared to the previous year's net asset position of \$3,027,353.

RISSB Accreditation as a Standards Development Organisation

Throughout the financial year RISSB undertook a full audit from Standards Australia to maintain its accreditation as the Standards Development Organisation for the rail industry. RISSB passed through the audit to maintain its accreditation with very good results containing no non-compliances, improving on the previous year's results. The maintenance of its accreditation allows RISSB to continue to provide professional and timely Standards for industry, all of which will continue to be Australian Standards.

Rail Cyber Security

During the 2017–18 financial year RISSB produced the world's first Rail Cyber Security Standard. This Standard has set the benchmark for battling rail-related cyber crime across Australia and the world, with the Australian rail networks now leading the globe in this space.

Process Changes

RISSB continued to bed down its revised production and development processes, and in the 2017–18 financial year was able to develop more product in-house than was first budgeted for.

The decision to restructure the development process has provided RISSB with the ability to now undertake more work than in previous years and complete the increased work for the same cost as in previous years. This will allow RISSB to take on a more proactive and responsive work plan in 2018–19, providing more products in a timely and relevant manner to industry, and delivering greater value for money for Members.

**RISSB
produced the
world's first
Rail Cyber
Security Standard.
This Standard has
set the benchmark
for battling rail-
related cyber
crime across
Australia and
the world.**



Priority Planning

RISSB continued with the Priority Planning Forum (PPF) process implemented in 2017, and again this year ran the PPF through the Cloud.

Taking lessons learned from the 2017 experience, RISSB once again went to the wider industry for projects, as well as seeking input from its Standing Committees across all the portfolios. From this process RISSB placed 26 projects up for ranking and was pleased with the level of engagement by industry which saw an increase of 91% of those who ranked the projects in order of importance. RISSB is now conducting a further lessons learned from the 2018 process to ensure a seamless and easy experience for all Stakeholders in 2019

New Memorandum of Understanding with Australian Governments

Throughout the 2017–18 financial year RISSB worked closely with all Australian Governments to develop a new MoU to replace the MoU which expired on 30 June 2018.

A new five-year MoU was agreed to at the Transport and Infrastructure Senior Officials Committee meeting on 23rd March 2018 and will come into effect on 1 July 2018.

Other Significant Projects

RISSB was proud to launch ARRM in Brisbane on 20 November 2017 in front of over 200 rail industry Stakeholders and government representatives. Since the launch RISSB has trained more than 200 people in the use of ARRM, which is now in use across the country.

RISSB also made great advances on the National Rules (formerly Australian Network Rules and Procedures) throughout the 2017–18 financial year. Revitalising the National Rules by modularising and updating them was highlighted by RISSB's achievement in obtaining agreement across the industry of seven Fundamental Operating Principles – the first time this has occurred in Australia's 150 rail history. Since then RISSB has worked closely with industry to develop modules and handbooks that will be accessible to all Members through the RISSB website.

RISSB completed the Harmonisation of Specification Guidelines during the 2017–18 financial year. RISSB was engaged to undertake a pilot program lead by the Victorian Government to provide guidelines for the development of specifications for the manufacturing of rail vehicles. The two subjects chosen for the pilot were bogies and glazing.



Australian Rail Risk Model (ARRM)

**to over 200 rail industry
Stakeholders and
government representatives**

The pilot was completed in October 2017, with the project running to time and budget, and has met the expectations of both those who procure and those who manufacture.

RISSB has also undertaken the revitalisation of the Victorian Network Rules on behalf of Public Transport Victoria and Transport for Victoria.

Revitalising the 1994 rules in parallel with the work being undertaken on the National Rules will see the project completed in the 2018–19 financial year.

Industry Engagement

RISSB expanded on its conferences and events throughout the 2017–18 financial year.

The annual Rail Safety conference was held in Sydney and attracted a record number of attendees as well as a site tour of the Sydney Metro Project.

RISSB also conducted its inaugural Rail Cyber Security Conference in Melbourne in October 2017. More than 80 attendees gathered to hear from presenters on cyber security as well as contribute to workshops on the various issues facing the rail industry from this new and developing scourge. In March 2018 RISSB presented at the Rail Cyber Security Conference in London.

Working closely with ONRSR and ARA, RISSB took part in a series of Rail Safety Roadshows across Australia. Over three months in late 2017 RISSB presented to over 300 rail workers, many of whom would not normally have contact with RISSB.

Throughout the year RISSB's Membership grew to 50, and as a result of the increased membership RISSB saw an increase of Development Group participants.

During the 2017–18 financial year RISSB was invited to attend the Transport and Infrastructure Senior Officials Committee meetings and the Transport and Infrastructure

Council meetings. This included the Transport and Infrastructure Senior Officials Committee meeting in Adelaide where RISSB presented on its achievements and objectives.

Melbourne Office

In February 2018 RISSB opened its first Melbourne office. Consisting of three full-time staff members, the office in Collins Street provides RISSB with the ability to better respond to its Members as well as a central meeting point for Development Groups and Industry Committees.

Conclusion

It is pleasing to see the company at the end of the financial year in a strong position both financially and in its standing in the rail industry. The 2018–19 financial year promises to be a very successful year for RISSB, and I would like to thank the Chair 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 I would also like to thank the rail industry for its tireless assistance in the development and implementation of all our products.



Paul Daly
Chief Executive Officer



RISSB also made great advances on the National Rules (formerly Australian Network Rules and Procedures) throughout the 2017–18 financial year.





Governance

Photo courtesy of Australian Rail Track Corporation (ARTC)

The RISSB Board of Directors is committed to responsible and effective governance and has overseen an extensive program over recent years to strengthen the structures that underpin the operations of the company. RISSB's Constitution provides a governance structure that is responsive to our Members and stakeholders, giving them the opportunity to participate in our decision-making processes.

The current RISSB Board comprises an Independent Chair, two Independent Directors, and four Industry Directors who represent the four sectors of the rail industry. The Independent Chair and Independent Directors are nominated by the Board and endorsed by Members at the Annual General Meeting (AGM). The Industry Directors are nominated by Members from their sector and elected by all Members at the AGM. All Directors serve a three-year term and may be re-elected for a second or third term.

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 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, an Independent Director 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 railway or railway related 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 conflicts of interest.

On appointment, all new Directors receive an information pack outlining their fiduciary duties and responsibilities including an overview of RISSB, its structure and operations. New Directors attend a formal induction meeting with the Chair and Chief Executive Officer which is documented in an exchange of letters signed by the Chair and the new Director.

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, procedures and delegations of authority to ensure that the company delivers on its mission and objectives as set out in the Constitution and Strategic Plan.

Board of Directors



Ms Deborah Spring

Independent Chair
Member – Remuneration
& People Committee



Mr David George

Independent Director
Member – Audit & Risk Committee



Dr Tim Kuypers

Independent Director
Chair – Audit & Risk Committee



Dr Todd Bentley

**Industry Director,
Passenger Operations**
Chair – Remuneration &
People Committee
Metro Trains Melbourne



Ms Kate Bowman

**Industry Director,
Freight Operations**
Member – Remuneration
& People Committee
Pacific National Pty Ltd



Mr Paul Lowney

**Industry Director,
Network Managers/Owners**
Member – Remuneration
& People Committee
Arc Infrastructure Pty Ltd



Mr Nabeel Sadaka

**Industry Director, Suppliers
and Contractors**
Member – Audit & Risk Committee
Downer Rail Infrastructure



Mr Tim Ryan

**Industry Director Network
Managers/Owners – until 4
December 2017**
**Chair – Audit & Risk Committee –
until 4 December 2017**

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

The Board has adopted a Board Manual detailing its functions and responsibilities in the RISSB context, which it reviews annually. Matters specifically reserved to the Board are set out in the Manual.

The Board has a program of five 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 2017–18 financial year and the details of Directors attendance at those meetings is set out on page 37. Details on the attendance at Committee meetings is also included.

Each Board meeting agenda includes any statutory matters, governance and management reports, which include operational and strategic risks, major projects and operational reviews. At each meeting the Board also considers the approval of RISSB products for publication which is the final step in the development process. Importantly, Directors also meet in-camera without management at the beginning of all Board meetings to consider governance and other issues.

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

Audit & Risk Committee

The purpose of the Audit & Risk Committee is to advise and 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 financial management and reporting, as well as 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 Remuneration & People Committee is to advise and assist the Board to fulfil its responsibilities to Members on matters relating to the remuneration of the Chairperson, Independent Directors, Chief Executive Officer and RISSB staff. It also advises the Board on RISSB's human resource policies, succession planning and culture.

In undertaking its responsibilities, the Committee seeks to ensure that RISSB's remuneration and incentive policies, human resource practices and performance indicators are aligned to the Board's vision, values and overall business objectives.

Risk Management

Risk management is a key aspect of RISSB's governance arrangements. RISSB has a risk management policy, framework and risk register which include formal processes to update the Board through the Audit & Risk Committee. This policy, framework and management program are used throughout the organisation. The goal of RISSB's risk management processes and structures is to maximise opportunities to achieve RISSB's objectives and goals without exposing the organisation to unnecessary risk.

Much has been achieved since 2015 in improving the governance of RISSB with the Board focused on delivering value to RISSB Members



In addition, the Board considers strategic and major operational risks as part of its regular meeting agenda.

Chief Executive Officer (CEO)

The CEO is appointed by the Board and is responsible for the management of RISSB in accordance with the approved strategy, business plans, policies, and delegated authority framework. The CEO and the Chair negotiate a performance agreement annually which sets out the KPIs and other outcomes the CEO is expected to achieve with regular performance reviews throughout the year. As part of his role the CEO is responsible for ensuring that the Board is provided in a timely manner with the relevant strategic options, policy initiatives, and financial and company performance information necessary for the Board to fulfill its role on behalf of RISSB Members.

The CEO attends all Board and Committee meetings but is not a Director and is not entitled to vote. The Board may invite other members of the management team and guests to attend Board or Committee meetings at its discretion.

Company Secretary

All Directors have access to the Company Secretary who is appointed by the Board. The Company Secretary is accountable to the Board, through the Chair, on RISSB governance matters. The Company Secretary attends all Board and Committee meetings.

Governance Review

The Board conducts an annual review of its performance which extends to its Committees and individual Directors as part of RISSB's commitment to continuous improvement. Moreover, to supplement this the Board is subject to an independent review every three years, engaging external consultants to undertake this important task. The next independent review is due in 2019.

Much has been achieved since 2015 in improving the governance of RISSB with the Board focused on delivering value to RISSB Members and ensuring that it has the policies and procedures in place to drive accountability. Over the last year the Board has looked to strengthen its capabilities by recruiting a second Independent Director. The Board has also introduced an annual calendar system which sets out the Board and Committee work program for the year ahead and the dates for key management deliverables.



RISSB's Strategic Plan 2017–2022

Photo courtesy of Metro Trains Melbourne

The Strategic Plan 2017-2022 was originally approved by the RISSB Board in 2017 and continues to guide the strategic focus of the company.

A vital aspect of RISSB's role is to shape the industry and add value to its Members, Governments and Stakeholders. By consulting with a large cross section of the rail industry, via the Future Inquiry Workshop in early 2017, RISSB developed the Strategic Plan to deliver on this important commitment.

The Strategic Plan is reviewed and updated every 2 years on a rolling basis to ensure it continues to satisfy its objectives. The next full review is scheduled for early 2019.

Mission and Vision

RISSB's Mission is:

Working in partnership to create a safe, efficient and effective Rail Industry.

RISSB's Vision is:

To be the trusted leaders in the rail safety co-regulatory environment, providing products and services that enhance safety and efficiency.

Strategic Pillars

The six Strategic Pillars that have been developed will help RISSB to achieve its Mission and Vision, as well as the business objectives in the Constitution over the planning period to 2022. These Pillars are underpinned by detailed action plans and objective measurements.

Strategic Pillar 1

Industry Safety and Productivity

We will develop products and services that improve and promote:

- Harmonisation for economies of scale which lead to productivity gains; improved safety and performance; and reduced risk.
- Interoperability between networks and modes where required.

Strategic Pillar 2

Technology and Innovation

We will develop an agile and flexible framework with Industry to identify emerging technologies and systems, including automation, requiring RISSB products and services to support timely and safe implementation.

Strategic Pillar 3

Value Add

We will create value adding products and services that promote safety, productivity and harmonisation within the rail industry.

Strategic Pillar 4

Transparent and Collaborative Processes

We will communicate transparently to Members, Governments and other Stakeholders the processes for engagement in the strategic planning, product selection and development of our products and services.

Strategic Pillar 5

Stakeholder Engagement and Promotion

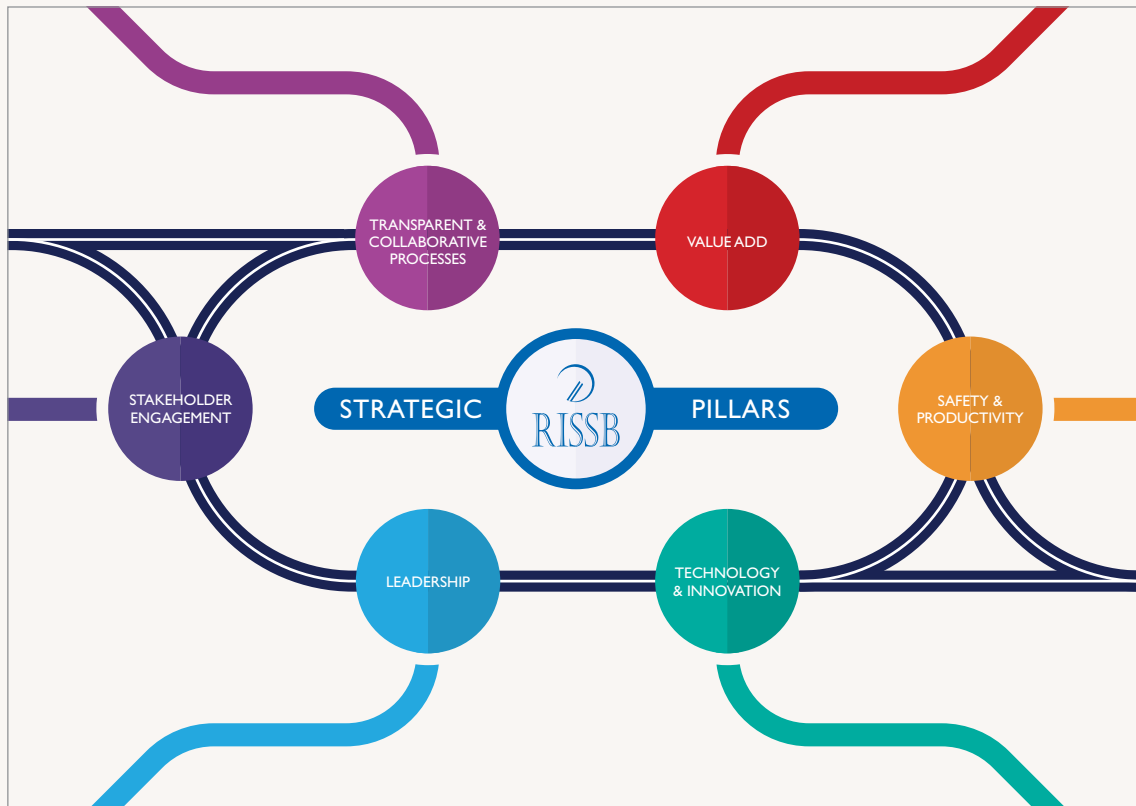
We will collaborate and engage with Members, Governments and other Stakeholders to strengthen relationships, build partnerships and ensure that the roles and responsibilities of RISSB are understood.

Strategic Pillar 6

Leadership

We will reinforce our leadership role in the co-regulatory model to improve safety and productivity within the rail industry.

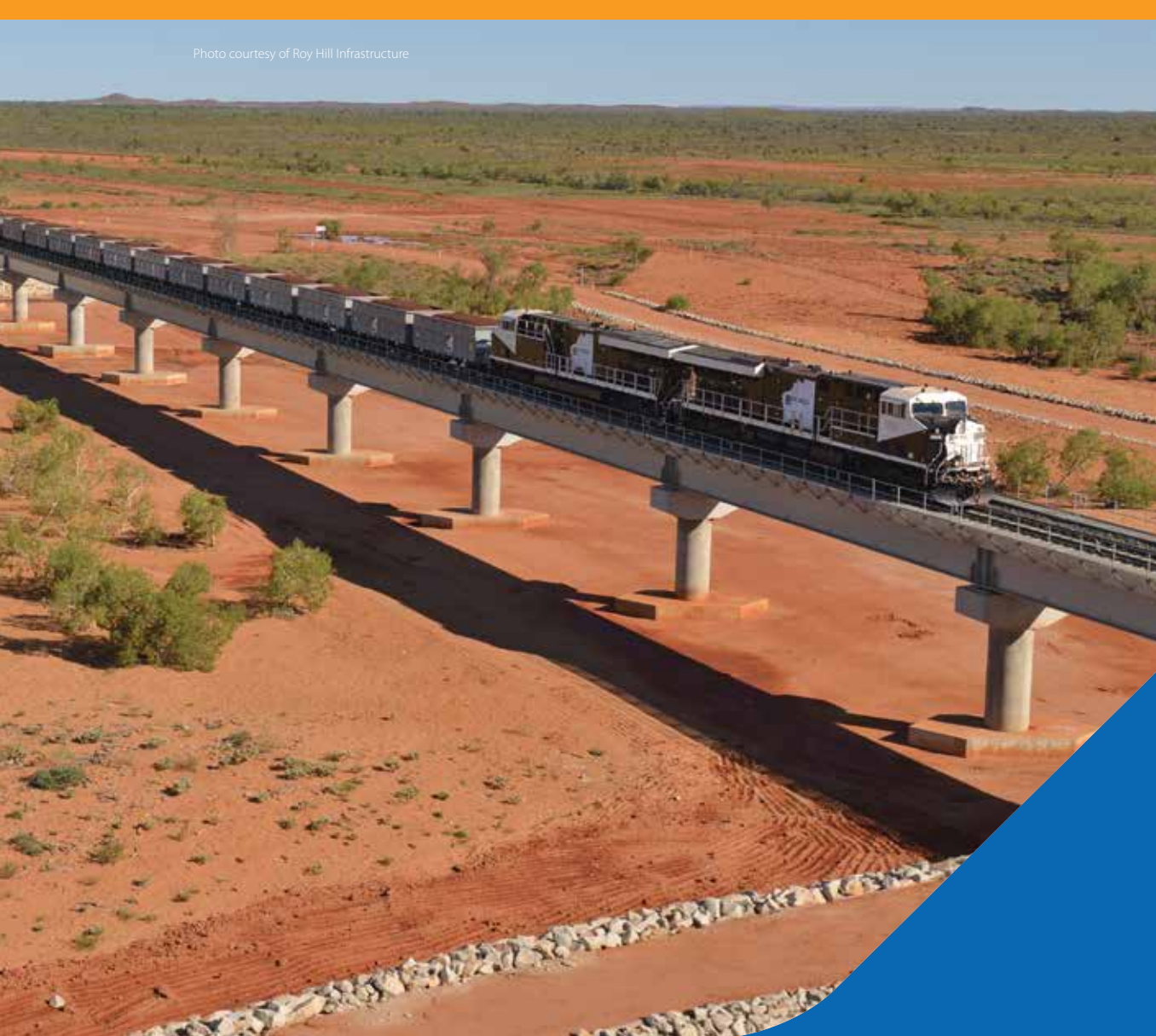
The Strategic Pillars



Business Plan 2018-19

The RISSB Business Plan for financial year 2018-19 has been approved by the RISSB Board and is aligned to the action plans and objectives set out in the Strategic Plan 2017-2022.

Photo courtesy of Roy Hill Infrastructure



Australian Rail Risk Model



ARRM

In November 2017 RISSB very proudly launched ARRM at AusRAIL in Brisbane. ARRM – one of the Objects in RISSB's Constitution – is a very sophisticated, quantitative web-based tool which helps rail companies understand their safety risk in great detail.

The scale of the ARRM project was significant, it began by taking in user requirements from dozens of stakeholders from right across the country. The project analysed 53,683 occurrence records in support of ARRM's 70,000 individual risk estimates – generated via more than 2000 Monte Carlo simulations with over 50 million sample points. The testing and validation of ARRM has been rigorous and included the appointment of an independent reviewer. User acceptance testing included 2,882 web application interactions and over 601 query executions; testing of the website software alone included around 1,000 automated tests. ARRM was also tested on over 150 devices and operating systems. The finished product models safety risk across 104 different hazardous events, each one interrogatable at multiple levels allowing users to drill down into individual precursors to understand the major contributors to those hazardous events all through a user-friendly front end.

The launch was an overwhelming success attracting over 200 senior people from Australian (and international) railways. During AusRAIL RISSB conducted several well attended demonstration sessions. In the weeks that followed there were 12 face-to-face training sessions in the major capital cities reaching around 145 users. There are now nearly 200 ARRM users (nearly 1 a day since launch) from around 25 Australian rail organisations.

ARRM now provides the rail industry with:

- The ability to access and tailor risk reports according to organisational requirements
- An increased robustness of risk information due to the pooling of data across Rail Transport Operators

The launch at AusRAIL was an overwhelming success attracting over 200 senior people from Australian (and international) railways.



100%

ARRM development

fully funded by RISSB



200 ARRM

users from 25 Australian
rail organisation

- The ability to anonymously benchmark against normalised industry peers
- Confidence that the industry and ONRSR are both guided by the same national safety risks – reinforcing coregulation
- The underpinning of a smarter standards regime
- Valuable information to support investment decisions.

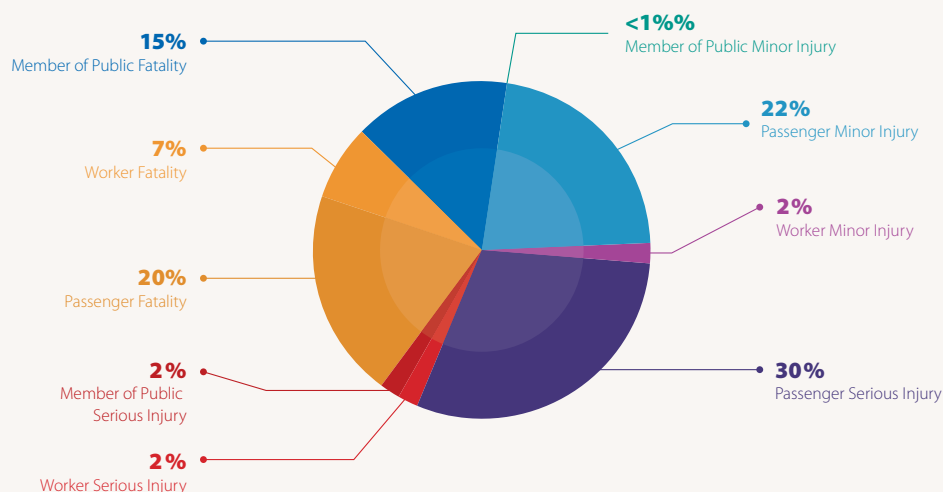
It is hoped that as ARRM's usage grows it will become the de-facto standard approach to risk assessment for all railway operators in Australia.

It will lead to more rigorous approaches to making safety-related investment decisions,

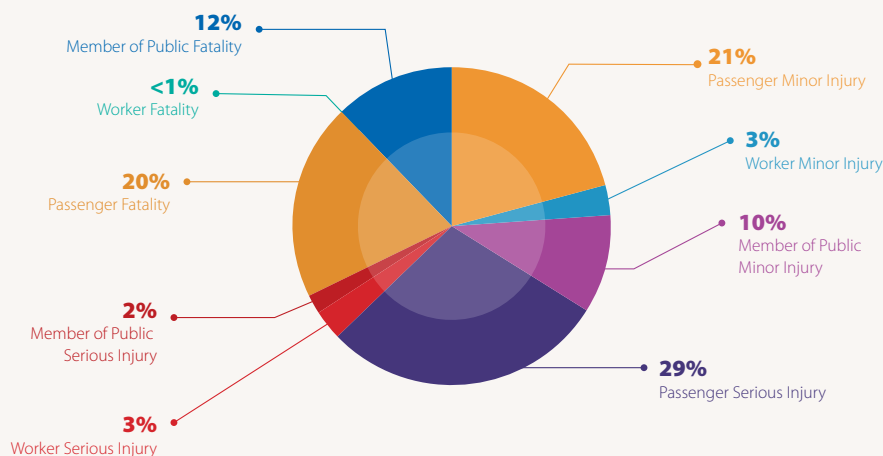
guided by a deep understanding of safety risk (as opposed to being driven by the last incident that occurred). ARRM is bringing greater consistency in safety risk approaches across the industry, it will foster growth in risk maturity, and set up a virtuous circle of improvement leading to greater safety outcomes for the railway.

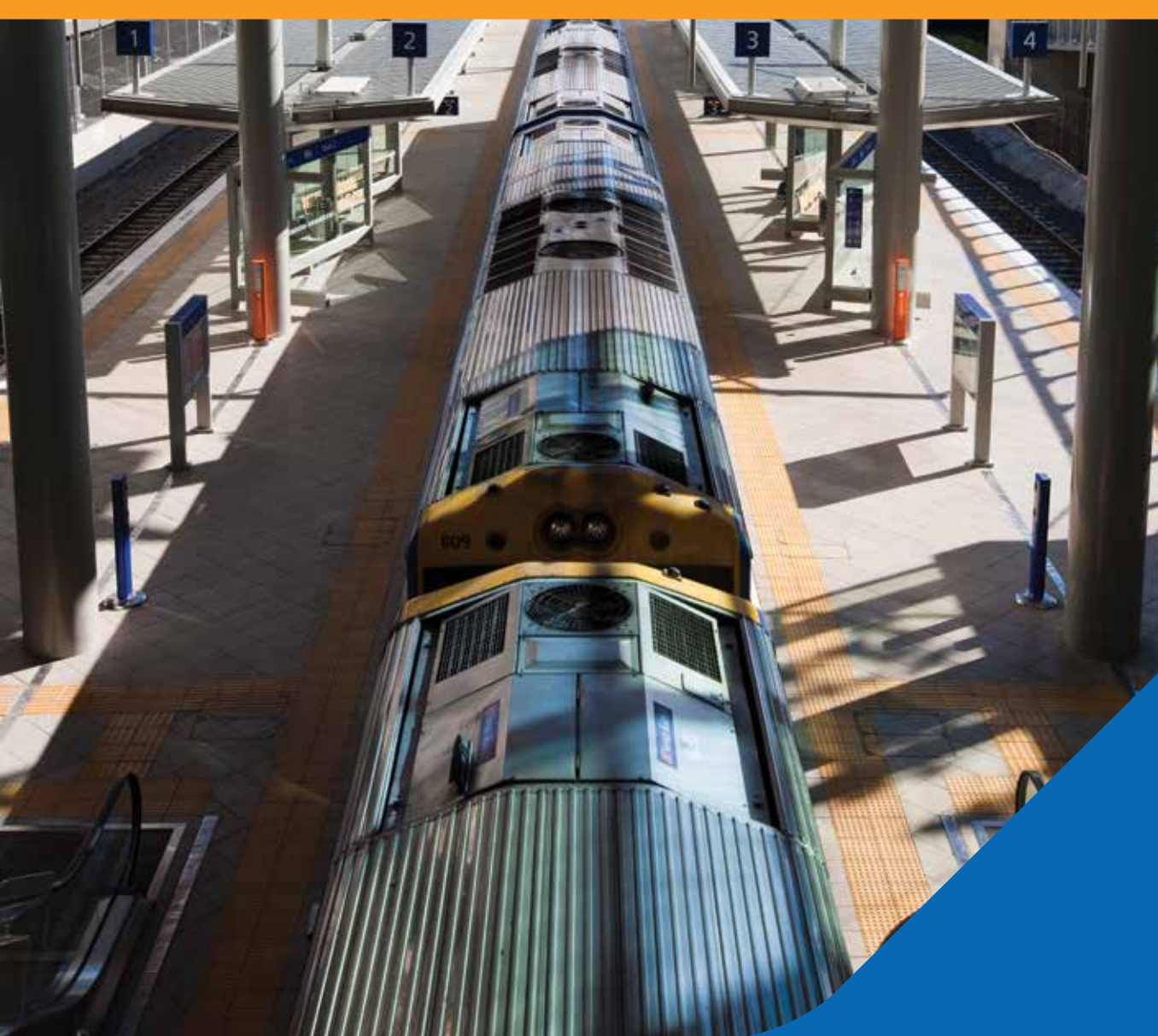
RISSB is very pleased to have delivered this complex project for the railway's benefit, on time and on budget - without asking for any extra money! We're also very pleased that ARRM was a finalist in the Australasian Rail Industry Awards in the Innovation and Technology category.

Overall RSO Risk



Overall RIM Risk





National Rules

Over the past year the National Rules has been transformed from the Australian Network Rules and Procedures (ANRP) with the completion of the draft baseline set of rules in May 2018. This involved reviewing and reconfiguring the ANRP modules (all 76 of them) to the new style of the National Rules modules.

To finalise the baseline set of rules work commenced in June 2017 on the development of eight new modules and the additional rules to supplement the existing modules. This work will continue over 2018 and once completed they will be added to the baseline rules.

The National Rules Development Group has worked hard to ensure that the new rules reflect the requirements of today's railway and can assist in providing standardisation across all rail transport operators.

In addition to the work done on the National Rules the first supporting publication called the Protection Officer Guideline was completed in June 2018. This will form part of several operating publications that will be further developed over the next year.

The National Rules are planned to be completed by January 2019 with the supporting documents completed by June 2019.



**National Rules are planned
to be completed by**

**JANUARY
2019**



**Supporting documents
completed by**

**JUNE
2019**



Rail Cyber Security

Rail Cyber Security

In 2017 the rail industry requested RISSB to lead a program of work that leverages off good practice both overseas and within Australia to provide a framework to assist in a unified approach to cyber risk.

With the first Rail Cyber Security Conference event in October 2017, followed by the first Rail Cyber Security Standard published in July 2018, it has been a great development year for RISSB and the industry.

With the RISSB National Rail Cyber Security Group in place and support from federal organisations such as CERT the foundation has now been set to further progress the RISSB program.

The next year will see RISSB progress the Rail Cyber Security Strategy, develop a document framework, and roll-out supporting tools and education and awareness programs.

**With the first
Rail Cyber
Security
Conference event
in October 2017,
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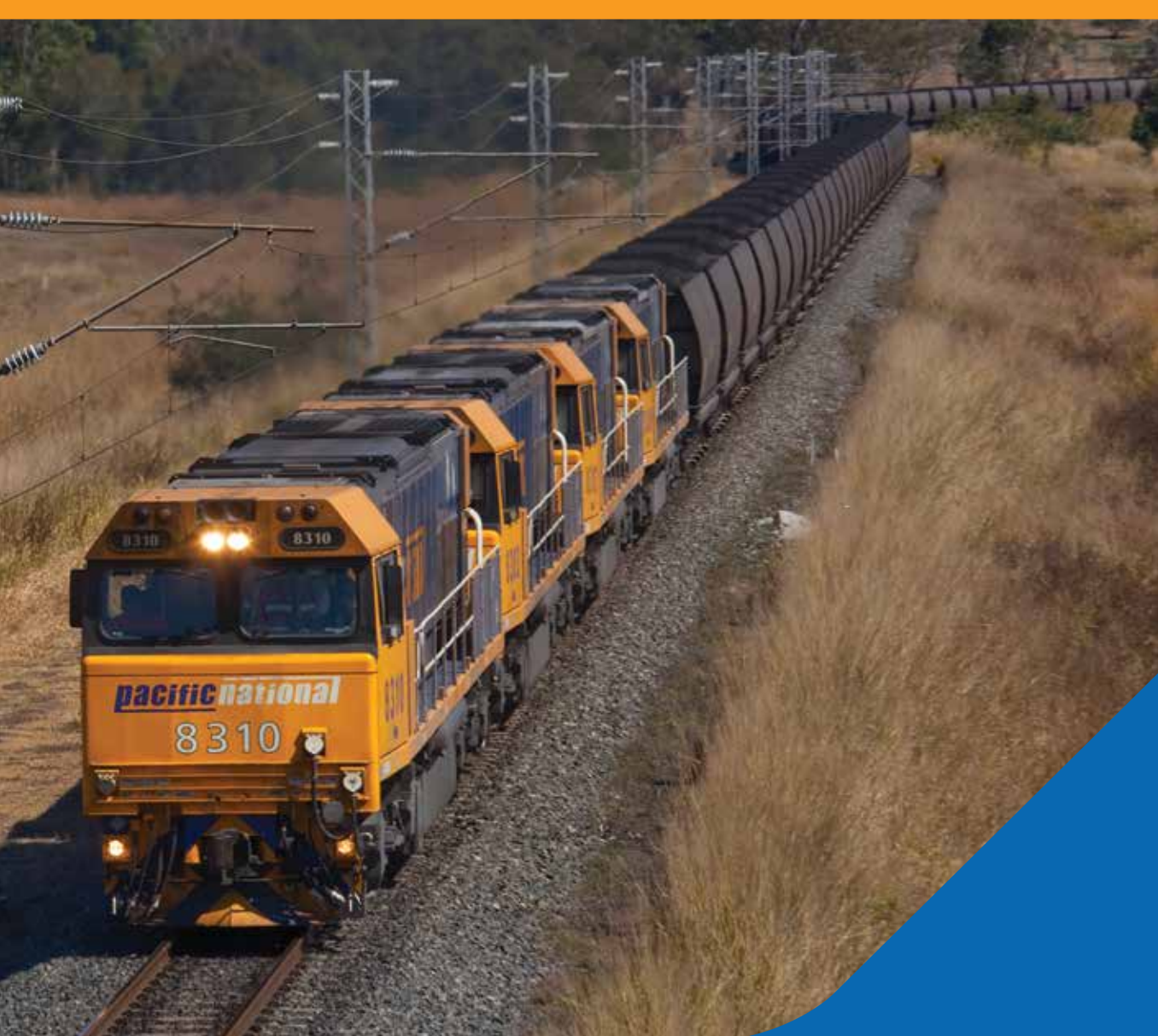
RISSB Members

As at 18 September 2018

RISSB Members

DATE REGISTERED	MEMBER NAME	RISSB CLASS
18-Mar-15	Arc Infrastructure Pty Ltd	3
18-Mar-15	Aurizon Holdings Limited	1
18-Mar-15	Australian Rail Track Corporation Ltd	1
13-Jan-17	Australian Sugar Milling Council Pty Ltd	Associate
18-Mar-15	BHP Billiton Iron Ore	A
25-Jul-16	Buy 2 Give Pty Ltd	Associate
06-Sep-16	Calibre Professional Services Pty Ltd	E
04-Oct-17	Carmichael Rail Pty Ltd	E
10-Aug-16	Centre for Railway Engineering - CQU	Associate
03-Nov-17	Dakar Risk Management Services Pty Ltd	Associate
18-Mar-15	Department of Planning, Transport & Infrastructure	A
09-Apr-18	Don River Railway	Associate
18-Mar-15	Downer Rail Infrastructure	A
04-Jul-17	Elphinstone Pty Ltd	D
06-Apr-18	Emerald Tourist Railway Board	C
18-Mar-15	Fortescue Metals Group Limited	A
18-Mar-15	Genesee & Wyoming Australia Pty Ltd	2
09-Jan-17	Institute of Railway Technology - Monash	Associate
03-Apr-18	Interface Rail Engineering Pty Ltd	C
18-Mar-15	KiwiRail	B
18-Mar-15	Laing O'Rourke Australia Construction Pty Ltd	A
18-Mar-15	LendLease Engineering Pty Ltd	C
26-Apr-18	LINX Rail Pty Ltd	E
12-Jul-16	Manildra Flour Mills Pty Ltd	E
08-Nov-17	Marling Group	Associate

DATE REGISTERED	MEMBER NAME	RISB CLASS
18-Mar-15	Metro Trains Melbourne	1
16-Feb-16	Metro Trains Sydney	E
04-Oct-17	Mid West Ports Authority	D
14-Nov-16	Opus International Consultants (Australia) Pty Ltd	C
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	3
18-Mar-15	Public Transport Victoria	A
18-Mar-15	Queensland Rail Limited	1
18-Mar-15	Rail, Tram and Bus Union - National Office	D
03-May-18	RGB Assurance Pty Ltd	D
30-Nov-17	RoadRailPort	Associate
28-Aug-15	Roy Hill Infrastructure Pty Ltd	C
08-Jan-18	Scandent Group Pty Ltd	E
18-Mar-15	SCT Logistics Pty Ltd	B
11-May-17	SMART Infrastructure Facility - UOW	Associate
12-Jul-16	SNC-Lavalin Rail & Transit Pty Ltd	C
27-Jul-18	Swietelsky Rail (Australia) Pty Ltd	C
18-Mar-15	Sydney Trains	1
10-Aug-16	Tasmanian Railway Pty Limited	B
09-Jul-18	Training Ahead Australia Pty Ltd	Associate
18-Mar-15	Transport for New South Wales	1
18-Jan-17	Transport Heritage NSW Limited	D
18-Mar-15	V/Line Pty Limited	2
01-Jul-16	VicTrack	D
10-Aug-17	Zig Zag Railway Co-operative Ltd	Associate



Financial Report

For the year ended 30 June 2018

Photo courtesy of Pacific National

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

DIRECTORS' REPORT

Your Directors present their report on the operations of the company for the financial year ended 30th June 2018.

RISSB Ownership

Following the restructure of RISSB in 2015 the company is owned by its funding members. At present there are 51 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 / Ceased
Deborah Ann Spring (Chair)	Appointed 1 July 2015
David Harry George	Appointed 1 July 2015;
Brian Todd Bentley	Appointed 23 November 2015;
Timothy Francis Ryan	Appointed 28 November 2014; Resigned 4 December 2017
Nabeel Sadaka	Appointed 7 August 2015;
Kate Angharad Bowman	Appointed 4 July 2017
Paul Lowney	Appointed 17 January 2018
Timothy John Kuypers	Appointed 20 April 2018

Principal Activities

During the year, the principal activities of The Rail Industry Safety and Standards Board (RISSB) were the development and management of Australian Standards, rules, codes of practice and guidelines of the railway industry, all of which have national application.

There have been no significant changes in the nature of those activities in the financial year.

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.

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

DIRECTORS' REPORT

Strategy for Achieving the Objectives

RISSB's Strategic Plan 2017-2022, 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.

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.
- RISSB successfully delivered the Australian Rail Risk Model (ARRM) in November 2017 thereby satisfying one of the key objectives of the company. RISSB's strategy now is to embed ARRM in the rail industry and focus on developing the model further providing finer resolution on safety risk and adding new functionality.
- Independent technical advice including training is provided through existing resources. Previously limited to resolution of matters of conflict between rail operators and managers where there is a matter of the application of standards involved it is now being expanded to support the take-up of RISSB products.

Results of the Operations for the Year

A review of the results from the operations of the company for the financial year are contained in the Chief Executives Report and the major project reports.

Information on Directors

Deborah Spring, Independent Director and Chair	Debbie Spring has extensive experience as a senior executive and Board member, in Australia and overseas, across a broad range of industry sectors including energy, manufacturing, rail, and general logistics. In various roles, she has implemented major business transformation programs in large, complex, capital intensive, highly regulated and unionised industries. Debbie has over 15 years of experience as a professional Director, including as Chair, on the Boards of unlisted companies, government businesses and start-ups. Her Board roles have included membership of sub-committees responsible for finance, audit and risk, remuneration and culture, and infrastructure. The Boards she has served on include Ambulance Victoria, Federation University of Australia, Mount Hotham Resort Management Board (Chair), the Donric Group (Chair) 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. Debbie was appointed Chair of RISSB in November 2016.
David George, Independent Director	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 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 was an independent Director of TasRail (including Chair of the Board Safety Committee) from 2011 to 2017 and a former member of the Queensland Rail Board (including Chair of the Board People and Safety Committee). David is Managing Director of D George Advisory Services, having worked on assignments which include a World Bank funded consultancy 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

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

DIRECTORS' REPORT

	has an MA in Metallurgy and Science of Materials from Oxford University.
Todd Bentley, Industry Director – Passenger Operations	Todd Bentley is the Executive 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. Todd is the Chair of the RISSB Remuneration & People Committee.
Timothy Ryan, Industry Director – Network Managers/Owners	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, infrastructure maintenance and train control. Tim commenced employment with Australian Rail Track Corporation (ARTC) as General Manager Asset Management in February 2005 and has been in Senior Executive positions in ARTC since then. Tim resigned as a Director of RISSB in December 2017 after announcing he would retire from ARTC in March 2018. Tim was also the Chair of the RISSB Audit & Risk Committee until his resignation.
Nabeel Sadaka, Industry Director – Suppliers & Contractors	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.
Kate Bowman, Industry Director – Freight Operations	Kate is the Chief Legal Officer and Company Secretary at Pacific National leading a multi-disciplinary team delivering legal, company secretarial and corporate governance, internal audit, risk and compliance, and workers compensation services to the business. In this role Kate is responsible for advising the Pacific National Board and senior executives on a broad range of matters including legal, risk and assurance, and corporate governance. Kate is passionate about developing high performing teams and delivering commercial, focussed and high quality services to businesses to drive them forward. A practising lawyer, Kate has 15 years broad experience in in-house and private practice roles, advising on all aspects of commercial, corporate, OHS and competition law. Kate has extensive experience working in regulated industries, including rail and ports. Kate is also a director on a number of not-for-profit and industry boards. Prior to Pacific National, Kate was at Asciano and Patrick. Kate began her career at Clayton Utz. Kate holds a L.L.B. (Hons) and a B. Economics (Social Science) from the University of Sydney.
Paul Lowney, Industry Director – Network Managers/Owners	Paul Lowney joined Arc Infrastructure in Western Australia in 2008 and led the projects and maintenance delivery area through the growth phase of the business. Currently Paul is the General Manager for Customers Operations, Asset Strategy and Engineering at Arc which oversees customers' and their needs and sets the direction for asset management and expenditure across the network. Prior to joining Arc Paul worked on a number major infrastructure projects in Australia and internationally both with contracting and client organisations.

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

DIRECTORS' REPORT

Timothy Kuypers, Independent Director	Tim Kuypers has over twenty five years' experience as a regulatory and safety professional in UK, Europe and Australia. Tim is currently a Special Advisor at HoustonKemp Economists and Principal of Walbrook Partners, a rail safety consulting firm. He is an independent member on Metro Trains Melbourne's Board Safety Committee and a Director and Chair of the Finance and Audit Committee for TROG Cancer Research. Tim's previous executive roles have included senior positions at Asciano, (former owner of Pacific National and Patrick Stevedores) Telstra, Cable & Wireless and OfTel. Tim was 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. Tim has a PhD in Economics from University College London, a Diploma in Accounting and Finance from the ACCA and is a GAICD. Tim was previously an Industry Director of RISSB representing the Freight Sector until 2016 and was appointed as an Independent Director in April 2018. Tim was appointed Chair of the RISSB Audit & Risk Committee in June.
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Directors' attendance at Meetings of the Board held during the Financial Year

Director	Meetings Eligible to Attend	Number Attended
Deborah Spring	5	5
David George	5	5
Todd Bentley	5	5
Timothy Ryan	3	3
Nabeel Sadaka*	5	1
Kate Bowman	5	4
Paul Lowney	2	2
Timothy Kuypers	-	-

*special leave granted for one meeting.

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

DIRECTORS' REPORT

Directors' attendance at Meetings of Committees held during the Financial Year

Director	Audit & Risk		Remuneration & People	
	Meetings Eligible to Attend	Attended	Meetings Eligible to Attend	Attended
Deborah Spring	-	-	4	4
David George	3	3	3	3
Todd Bentley	-	-	4	4
Timothy Ryan	2	2	-	-
Nabeel Sadaka	3	1	-	-
Kate Bowman	-	-	1	1
Paul Lowney	-	-	1	1
Timothy Kuypers	1	1	-	-

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 51 current members is \$510.

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:


 Deborah Spring


 Timothy Kuypers

Dated: 28/9/18



accountants + auditors

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**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF RAIL INDUSTRY SAFETY AND
STANDARDS BOARD LIMITED**

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Rail Industry Safety and Standards Board (RISSB) Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

- No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- No contraventions of any applicable code of professional conduct in relation to the audit.

MGI Audit Pty Ltd

S C Greene
Director

28 September 2018

Brisbane

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 \$	Revised 2017* \$
Revenue from ordinary activities	4(a)	5,154,419	4,243,076
Depreciation and amortisation expenses		(63,135)	(54,003)
Employee benefits expenses	4(b)	(1,901,450)	(1,512,882)
Consultancy & project costs		(1,696,944)	(1,711,195)
Other expenses from ordinary activities	4(c)	(918,095)	(652,188)
Surplus from ordinary activities		<u>574,795</u>	<u>312,808</u>
Other comprehensive income			
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>574,795</u>	<u>312,808</u>
Surplus attributable to members of the entity		<u>574,795</u>	<u>312,808</u>
Total comprehensive income attributable to members of the entity		<u>574,795</u>	<u>312,808</u>

* See Note 2 for details regarding the restatement as a result of retrospective change in accounting policy.

The accompanying notes form part of these financial statements.

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Notes	2018 \$	Revised 2017* \$	Revised 2016* \$
CURRENT ASSETS				
Cash and cash equivalents	5	3,070,792	2,959,188	2,206,006
Trade & other receivables	6	907,517	531,850	790,850
Other assets	7	176,586	73,252	52,584
TOTAL CURRENT ASSETS		4,154,895	3,564,290	3,049,440
NON-CURRENT ASSETS				
Property, plant and equipment	8	98,745	13,763	24,774
Intangible assets		-	-	39,883
TOTAL NON-CURRENT ASSETS		98,745	13,763	64,657
TOTAL ASSETS		4,253,640	3,578,053	3,114,097
CURRENT LIABILITIES				
Trade & other payables	9	470,406	449,909	296,445
Other provisions	10	24,251	-	-
Employee provisions	11	117,412	100,791	103,107
TOTAL CURRENT LIABILITIES		612,069	550,700	399,552
NON-CURRENT LIABILITIES				
Employee Provisions	11	39,423	-	-
TOTAL NON-CURRENT LIABILITIES		39,423	-	-
TOTAL LIABILITIES		651,492	550,700	399,552
NET ASSETS		3,602,148	3,027,353	2,714,545
EQUITY				
Retained Surplus		2,602,148	3,027,353	2,714,545
Special Reserve	17	1,000,000	-	-
TOTAL EQUITY		3,602,148	3,027,353	2,714,545

* See Note 2 for details regarding the restatement as a result of retrospective change in accounting policy.

The accompanying notes form part of these financial statements.

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Retained Earnings \$	Special Reserve \$	Total Equity \$
Revised Balance at 1 July 2016*	2,714,545	-	2,714,545
Net Surplus for the year	312,808	-	312,808
Other comprehensive income	-	-	-
Total comprehensive income	-	-	-
Balance at 30 June 2017	3,027,353	-	3,027,353
Revised Balance at 1 July 2017*	3,027,353	-	3,027,353
Net Surplus for the year	574,795	-	574,795
Other comprehensive income	-	-	-
Total comprehensive income	-	-	-
Transfer to special reserves	(1,000,000)	1,000,000	-
Balance at 30 June 2018	2,602,148	1,000,000	3,602,148

* See Note 2 for details regarding the restatement as a result of retrospective change in accounting policy.

The accompanying notes form part of these financial statements.

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 \$	2017 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		5,228,609	4,924,515
Payments to suppliers and employees		(5,052,761)	(4,220,798)
Interest received		59,623	52,574
Net cash provided by/(used in) operating activities		<u>253,470</u>	<u>756,291</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(123,866)	(3,109)
Net cash used in investing activities		<u>(123,866)</u>	<u>(3,109)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Net cash used in investing activities		<u>-</u>	<u>-</u>
Net increase in cash held		111,604	753,182
Cash at beginning of financial year		2,959,188	2,206,006
Cash at end of financial year		<u>3,070,792</u>	<u>2,959,188</u>

The accompanying notes form part of these financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are general purpose financial statements that have been prepared in accordance with Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The company is limited by guarantee, incorporated and domiciled in Australia for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied, unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs. The amounts presented in the financial statements have been rounded to the nearest dollar.

(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 six months and net of bank overdrafts.

(c) Revenue

Revenue comprises revenue from funding and grant income, secretariat support, project income, interest income and other income. A summary of revenue is shown in Note 4(a).

Revenue is recognised when the amount of revenue can be measured reliably, collection is probable, the costs incurred or to be incurred can be measured reliably, and when the criteria for each of the company's different activities have been met. Details of the activity-specific recognition criteria are described below.

Government grants

If conditions are attached to a grant which must be satisfied before the company is eligible to receive the contribution, recognition of the grant as revenue is deferred until those conditions are satisfied.

Where a grant is received on the condition that specified services are delivered to the grantor, this is considered a reciprocal transaction. Revenue is recognised as services are performed and at year end a liability is recognised until the service is delivered.

Revenue from a non-reciprocal grant that is not subject to conditions is recognised when the company obtains control of the funds, economic benefits are probable and the amount can be measured reliably. Where a grant may be required to be repaid if certain conditions are not satisfied, a liability is recognised at year end to the extent that conditions remain unsatisfied. Where the company receives a non-reciprocal contribution of an asset from a government or other party for no or nominal consideration, the asset is recognised at fair value and a corresponding amount of revenue is recognised.

Secretariat Support

Secretariat support income is recognised when the company obtains control of the funds, economic benefits are probable and the amount can be measured reliably.

Project Income

Project income is recognised upon the delivery of the agreed project services to the customers.

Interest income

Interest revenue is recognised as it accrues using the effective interest rate method, which for financial assets is the rate inherent in the investment.

All revenue is stated net of the amount of goods and services tax (GST).

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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
Office Fit Out	33 %	Straight Line

(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

Short-term employee benefits

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries and non-monetary benefits. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The company's liabilities for annual leave and long service leave are included in non-current provisions as they are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur. The company presents employee benefit obligations as current liabilities in the statement of financial position if the company does not have an unconditional right to defer settlement for at least 12 months after the reporting period, irrespective of when the actual settlement is expected to take place.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial Instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables
- financial assets at fair value through profit or loss (FVTPL)
- Held-to-maturity (HTM) investments
- Available-for-sale (AFS) financial assets

All financial assets except for those at fair value through profit or loss (FVTPL) are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs or finance income, except for impairment of trade receivables which is presented within other expenses.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The company's trade and most other receivables fall into this category of financial instruments

Financial assets at fair value through profit or loss (FVTPL)

Financial assets at fair value through profit or loss (FVTPL) include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Held-to-maturity (HTM) investments

Held-to-maturity (HTM) investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as HTM if the company has the intention and ability to hold them until maturity. Held-to-maturity (HTM) investments are measured subsequently at amortised cost using the effective interest method.

Available-for-sale (AFS) financial assets

Available-for-sale (AFS) financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets.

All available-for-sale (AFS) financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the AFS reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income. Interest calculated using the effective interest method and dividends are recognised in profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial Instruments

Classification and subsequent measurement of financial liabilities

The company's financial liabilities include trade and other payable.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss (FVTPL), that are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

(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 their limited period and carried at cost less accumulated amortisation and any impairment loss.

(l) Leases

Operating leases

Where the Rail Industry Safety and Standard Board (RISSB) is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

(m) Provisions, contingent liabilities and contingent assets

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that RISSB can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised.

RAIL INDUSTRY SAFETY AND STANDARDS BOARD (RISSB) LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 2: RETROSPECTIVE CHANGE IN ACCOUNTING POLICY

The directors have retrospectively applied a change in accounting policy in relation to income.

Certain types of industry income received each financial year were previously recognised as income in advance, and deferred on receipt to income in advanced each financial year within current liabilities. This income was then recognised in the following financial year in the statement of profit or loss and other comprehensive income.

The directors have determined that this income should be recognised as income once control has been obtained (in accordance with the revised accounting policy at note 1(c)), and not deferred on receipt. As a result, the balance of income received in advance on the opening balance of the comparative period has been recognised in retained earnings, in recognition that the income received in that financial year should have been recognised in the statement of profit or loss on receipt, not as income in advance.

A summary of the impact of the retrospective change in accounting policy is as follows:

Statement of Financial Position	Previously Audited (30 June 2016)	Adjustments	Revised (30 June 2016)	Previously Audited (30 June 2017)	Adjustments	Revised (30 June 2017)
ASSETS						
Current assets						
Cash and cash equivalents	2,206,006	-	2,206,006	2,959,188	-	2,959,188
Trade & other receivables	790,850	-	790,850	531,850	-	531,850
Other assets	52,584	-	52,584	73,252	-	73,252
Total current assets	3,049,440	-	3,049,440	3,564,290	-	3,564,290
Non-current assets						
Property, plant and equipment	24,774	-	24,774	13,763	-	13,763
Intangible assets	39,883	-	39,883	-	-	-
Total non-current assets	64,657	-	64,657	13,763	-	13,763
TOTAL ASSETS	3,114,097	-	3,114,097	3,578,053	-	3,578,053
LIABILITIES						
Current liabilities						
Trade & other payables	296,445	-	296,445	449,909	-	449,909
Other Liabilities	1,500,000	(1,500,000)	-	940,373	(940,373)	-
Employee provisions	103,107	-	103,107	100,791	-	100,791
Total current liabilities	1,899,552	(1,500,000)	399,552	1,491,073	(940,373)	550,700
TOTAL LIABILITIES	1,899,552	(1,500,000)	399,552	1,491,073	(940,373)	550,700
NET ASSETS	1,214,545	1,500,000	2,714,545	2,086,980	940,373	3,027,353
EQUITY						
Retained surplus	1,214,545	1,500,000	2,714,545	2,086,980	940,373	3,027,353
TOTAL EQUITY	1,214,545	1,500,000	2,714,545	2,086,980	940,373	3,027,353

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$	2017 \$
NOTE 3: 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 (RISSB) Limited is dependent on funding received from rail industry participants to carry out its normal activities		
NOTE 4: PROFIT FROM ORDINARY ACTIVITIES		
Profit from ordinary activities has been determined after:		
(a) Revenue		
Funding & grant income	2,666,552	2,543,521
Secretariat support	1,500,000	1,500,000
Interest income	59,623	52,574
Project income	865,632	146,981
Other income	62,612	-
Total Income	5,154,419	4,243,076
(b) Employee benefits expenses		
Salaries & employment costs	1,748,920	1,385,541
Superannuation	152,530	127,341
Total Employee Benefits expenses	1,901,450	1,512,882
(c) Other expenses from ordinary activities		
Rent and outgoings	188,774	78,258
Office and administration Costs	99,806	60,274
Advertising & marketing	119,883	26,006
Board expenses	138,199	170,129
Professional fees	90,621	35,030
IT costs	56,517	84,400
Travel and accommodation	144,689	125,566
Website costs	63,639	72,525
Other expenses	15,967	-
Total Expenses	918,095	652,188
NOTE 5: CASH & CASH EQUIVALENTS		
Cash at bank	3,070,792	2,959,188
NOTE 6: TRADE & OTHER RECEIVABLES		
Trade debtors	907,517	531,850
	907,517	531,850

RAIL INDUSTRY SAFETY AND STANDARDS BOARD (RISSB) LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$	2017 \$
NOTE 7: OTHER ASSETS		
CURRENT		
Accrued revenue	13,667	5,970
Prepayments	114,988	67,282
Security Deposit	47,931	-
	<u>176,586</u>	<u>73,252</u>
NOTE 8: PROPERTY, PLANT AND EQUIPMENT		
PLANT AND EQUIPMENT		
Office equipment - at cost	100,843	79,048
Less accumulated depreciation	<u>(80,630)</u>	<u>(66,879)</u>
	<u>20,213</u>	<u>12,169</u>
Office furniture & fittings - at cost	37,577	17,140
Less accumulated depreciation	<u>(19,585)</u>	<u>(15,546)</u>
	<u>17,992</u>	<u>1,594</u>
Lease fitout	81,634	-
Less accumulated depreciation	<u>(21,094)</u>	<u>-</u>
	<u>60,540</u>	<u>-</u>
Total property, plant and equipment	<u>98,745</u>	<u>13,763</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 \$	Lease Fitout \$	Total \$
2018				
Balance at the beginning of the year	12,169	1,594	-	13,763
Additions	21,795	20,437	81,634	123,866
Disposals	-	-	-	-
Depreciation expense	<u>(13,751)</u>	<u>(4,039)</u>	<u>(21,094)</u>	<u>(38,884)</u>
Carrying amount at end of year	<u>20,213</u>	<u>17,992</u>	<u>60,540</u>	<u>98,745</u>

NOTE 9: TRADE & OTHER PAYABLES

CURRENT		
Trade creditors and accruals	293,842	329,982
Sundry creditors	146,419	119,927
Retention Payable	30,145	-
	<u>470,406</u>	<u>449,909</u>

RAIL INDUSTRY SAFETY AND STANDARDS BOARD (RISSB) LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$	2017 \$
NOTE 10: OTHER PROVISIONS		
CURRENT		
Make good provision	24,251	-
	<u>24,251</u>	<u>-</u>

A make good provision was recognised for the operating lease at Suite 401, 580 Collins Street, Melbourne and Level 4 15 Astor Terrace, Spring Hill for the estimated cost of the making good of the premises.

NOTE 11: EMPLOYEE PROVISIONS

CURRENT		
Provision for annual leave	117,412	100,791
	<u>117,412</u>	<u>100,791</u>
NON-CURRENT		
Provision for long service leave (Non-Current)	39,423	-
	<u>39,423</u>	<u>-</u>

NOTE 12: CAPITAL COMMITMENTS

RISSB had no capital commitments at 30 June 2018 (30 June 2017: \$nil)

NOTE 13: LEASES

Operating Leases as lessee

The company's future minimum operating lease payments are as follows:

Not later than one year	150,244	-
Later than one year and not later than five years	234,078	-
Later than five years	-	-
Total	<u>384,322</u>	<u>-</u>

The operating leases at 30 June 2018 were for the company's leased office premises.

The Brisbane lease is for the business premises and is a non-cancellable lease with a 3 year term, with rent payable monthly in advance. An option exists to renew the lease at the end of the term on 13 August 2020, for two additional terms of three years.

The Melbourne lease is for the business premises and is a non-cancellable lease with a 3 year term, with rent payable monthly in advance. An option exists to renew the lease at the end of the term on 18 February 2021, for one additional term of three years.

NOTE 14: CONTINGENT LIABILITIES

There were no contingent liabilities incurred by RISSB as at 30 June 2018 (30 June 2017: \$Nil).

NOTE 15: 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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$

NOTE 16: RELATED PARTY TRANSACTIONS

Key Management Personnel

Key Management Personnel of the company are the Board of Directors and Chief Executive Officer. Key Management Personnel remuneration was as follows:

Key Management Personnel Remuneration	326,770	232,007
Total Key Management Personnel Compensation	326,770	232,007

Except for the key management personnel transactions noted above, there were no additional related party transactions in the 2018 financial year (2017: \$nil).

NOTE 17: RESERVE

A special reserve has been set up in the 2018 financial year to segregate general operating reserves (retained earnings) from emergency funds to cover the company's future liabilities.

Special Reserve

Opening balance	-	-
Transfer from retained earnings	1,000,000	-
Closing special reserve balance	1,000,000	-

NOTE 18: COMPANY DETAILS

The registered office of the company is:

Rail Industry Safety and Standards Board Limited
 Level 4, 580 Collins Street
 Melbourne VIC 3000

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

DIRECTORS' REPORT

DIRECTORS' DECLARATION

The directors of the company declare that

1. The financial statements and notes, as set out on pages 7 to 19 are in accordance with the *Corporations Act 2001* including:
 - (a) complying with Australian Accounting Standards - Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the *Corporations Regulation 2001*; and
 - (b) giving a true and fair view of the financial position of the company as at 30 June 2018 and of its performance for the financial year ended on that date.
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



Director

Dated

28/9/18



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RAIL INDUSTRY SAFETY AND STANDARDS BOARD (RISSB) LIMITED

Report on the Audit of the Financial Report

Qualified Auditor's Opinion

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We have audited the financial report of the Rail Industry Safety and Standards Board (RISSB) Limited (the Company), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies, and the directors' declaration.

In our opinion, except for the effects of the matter described in *the Basis for Qualified Auditor's Opinion* section of our report, the accompanying financial report of the Rail Industry Safety and Standards Board (RISSB) 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 2018 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for Qualified Auditor's Opinion

As first year auditors of the Rail Industry Safety and Standards Board (RISSB) Limited, our planned audit procedures included a review of the former auditor's work papers in order to obtain reasonable assurance that the 2017 comparative figures disclosed in the 2018 financial report were free from material misstatement. As the former auditor did not permit access for MGI Audit to review their 2017 audit files as part of our 2018 audit, we were unable to satisfy ourselves that the audit procedures performed for the 2017 comparative figures disclosed in the 2018 financial report were sufficient to obtain reasonable assurance that the financial report was free from material misstatement. We note that whilst the former auditor provided an unmodified opinion for the 2017 financial report, we do not express an opinion on the 2017 comparative figures and any impacts these may have on the statement of profit or loss and other comprehensive income, the statement of cash flows, the statement of changes in equity and statement of financial position for the year ended 30 June 2018.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidated the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, internal omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and reasonableness of accounting estimates and related disclosures made by directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

Auditor's Responsibility for the Audit of the Financial Report (Continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

MGI Audit Pty Ltd

A handwritten signature in black ink, appearing to read 'S C Greene', with a stylized flourish underneath.

S C Greene
Director

Brisbane
28 September 2018



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