

Office of the
National Rail Safety Regulator

Financial report
for the year ended
30 June 2021



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

Opinion

I have audited the financial report of the Office of the National Rail Safety Regulator for the financial year ended 30 June 2021.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Office of the National Rail Safety Regulator as at 30 June 2021, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987*, the *Rail Safety National Law (South Australia) Act 2012* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2021
- a Statement of Financial Position as at 30 June 2021
- a Statement of Changes in Equity for the year ended 30 June 2021
- a Statement of Cash Flows for the year ended 30 June 2021
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chief Executive and the Executive Director, Corporate.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the Office of the National Rail Safety Regulator. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* have been met.

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

Responsibilities of the Chief Executive for the financial report

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

In preparing the financial report, the Chief Executive is responsible for assessing the Office of the National Rail Safety Regulator's ability to continue as a going concern, taking into account any policy or funding decisions made which affect the continued existence of the entity. The Chief Executive is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 43(3) of the Schedule to the *Rail Safety National Law (South Australia) Act 2012*, I have audited the financial report of the Office of the National Rail Safety Regulator for the financial year ended 30 June 2021.

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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.

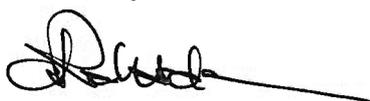
As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- 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 audit evidence that is sufficient and appropriate to provide a basis for my 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, intentional 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 Office of the National Rail Safety Regulator's internal control

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive
- conclude on the appropriateness of the Chief Executive's 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 entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity 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.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Chief Executive about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Andrew Richardson

Auditor-General

27 August 2021

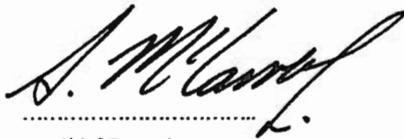
OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR

CERTIFICATION OF FINANCIAL STATEMENTS

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

- comply with Section 263 of the *Rail Safety National Law (South Australia) Act 2012* and Regulation 48 of *Rail Safety National Law National Regulations 2012*, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the Office of the National Rail Safety Regulator; and
- present a true and fair view of the financial position of the Office of the National Rail Safety Regulator as at 30 June 2021 and the results of its operation and cash flows for the financial year.

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



Chief Executive



Executive Director - Corporate

25/8/2021

25/8/2021

OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Income:			
Revenues from fees and charges	5	39,713	40,246
Funding for transition expenses	6	-	1,524
Penalties income	7	-	263
Interest revenues	8	166	313
Gain on derecognition of financial liabilities	9	1	818
Other income	10	42	144
Total income		39,922	43,308
Expenses:			
Employee benefits expenses	11	27,727	26,129
Supplies and services	12	6,208	6,243
Service level agreement	13	-	2,476
Depreciation and amortisation	14	3,552	3,367
Finance costs	15	174	203
Other expenses	16	208	22
Total expenses		37,869	38,440
Net result		2,053	4,868
Other comprehensive Income			
Items that will not be classified to net result:			
Changes in property, plant and equipment asset revaluation surplus		-	157
Total comprehensive result		2,053	5,025

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

OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR

STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Note	2021 \$'000	2020 \$'000
Current assets:			
Cash and cash equivalents	17	17,920	13,438
Receivables	18	693	729
Financial assets	19	8,000	-
Total current assets		26,613	14,167
Non-current assets:			
Receivables	18	9	6
Financial assets	19	-	8,000
Property, plant and equipment	20	14,579	17,668
Intangible assets	21	1,081	1,456
Total non-current assets		15,669	27,130
Total assets		42,282	41,297
Current liabilities:			
Payables	23	478	397
Financial liabilities	24	2,038	1,917
Employee benefits	25	4,700	4,043
Total current liabilities		7,216	6,357
Non-current liabilities:			
Financial liabilities	24	9,235	11,160
Employee benefits	25	739	741
Provisions	26	1,219	1,219
Total non-current liabilities		11,193	13,120
Total liabilities		18,409	19,477
Net assets		23,873	21,820
Equity:			
Retained earnings		23,716	21,663
Reserves		157	157
Total equity		23,873	21,820

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

OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Retained earnings:			
Opening balance			
Balance carried forward from previous period		21,663	16,719
Adjustment on initial application of AASB 16		-	76
Adjusted opening balance		21,663	16,795
Comprehensive income			
Surplus for the period		2,053	4,868
Total retained earnings		23,716	21,663
Asset revaluation reserve:			
Opening balance			
Balance carried forward from previous period		157	-
Adjusted opening balance		157	-
Comprehensive income			
Revaluation of property, plant and equipment		-	157
Total asset revaluation reserve		157	157
Total equity:			
Opening balance			
Balance carried forward from previous period		21,820	16,719
Adjustment on initial application of new accounting policies		-	76
Adjusted opening balance		21,820	16,795
Comprehensive income			
Surplus for the period		2,053	4,868
Movement in reserves		-	157
Total equity		23,873	21,820

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

OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR

STATEMENT OF CASH FLOWS

For the year ended 30 June 2021

		2021	2020
	Note	\$'000	\$'000
Cash flows from operating activities:			
Cash outflows			
Employee benefit payments		(26,944)	(24,510)
Payments for supplies and services		(7,148)	(7,142)
Payments for service level agreement		-	(3,067)
Interest paid on finance costs		(174)	(203)
Cash used in operations		(34,266)	(34,922)
Cash inflows			
Fees and charges received		39,773	40,201
Interest received		167	319
GST recovered from the ATO		833	930
Other receipts received		88	623
Cash generated from operations		40,861	42,073
Net cash provided by operating activities		6,595	7,151
Cash flows from investing activities:			
Cash outflows			
Purchase of financial instruments		-	(8,000)
Purchase of property, plant and equipment		(42)	(1,404)
Purchases of intangibles		(147)	(228)
Cash used in investing activities		(189)	(9,632)
Cash flows from financing activities:			
Cash outflows			
Repayment of lease liability		(1,924)	(1,711)
Cash used in financing activities		(1,924)	(1,711)
Net (decrease)/increase in cash and cash equivalents		4,482	(4,192)
Cash and cash equivalents at 1 July		13,438	17,630
Cash and cash equivalents at 30 June	17	17,920	13,438

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

OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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

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

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

ONRSR has responsibility for regulatory oversight of rail safety in every Australian state and territory.

2. Significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in compliance with section 263 of the Law and Regulation 48 of *Rail Safety National Law National Regulations*.

The financial statements are general purpose financial statements.

The financial statements have been prepared in accordance with relevant Australian Accounting Standards (Reduced Disclosure Requirements).

ONRSR has applied Australian Accounting Standards that are applicable to not-for-profit entities as ONRSR is a not-for-profit entity.

The historical cost convention is used unless a different measurement basis is specially disclosed in the note associated with the item measured.

(b) Basis of preparation

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

(c) Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards have required a change or an error has been identified.

(d) Rounding

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

(e) Taxation

ONRSR is not subject to income tax. ONRSR is liable for payroll tax, fringe benefits tax and goods and services tax (GST).

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

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

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

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

OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR

(f) Current and non-current asset classification

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

(g) Events after the reporting period

The Fair Work Commission approved the ONRSR Enterprise Agreement 2021-2025 on 5 August 2021. The Enterprise Agreement resulted in a 1.5% or CPI (whichever is greater) annual increase in salaries and wages over 4 years. On approval of the Enterprise Agreement, a \$1,000 lump sum payment for all staff under the agreement was paid on 13 August 2021.

3. New and revised accounting standards and policies

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by ONRSR for the year ended 30 June 2021. ONRSR has assessed the impact of the new or changed Australian Accounting Standards and interpretations not yet implemented and have determined they will not have any material effect on ONRSR's financial statements.

Australian Accounting Standards and Interpretations that were issued prior to sign-off date and are applicable to the current reporting period did not have a material effect on ONRSR's financial statements.

4. Impact of COVID-19 pandemic

The COVID-19 pandemic has impacted on the operations of ONRSR. The most significant impact was an underspend on supplies and services as a result of restrictions on movements imposed by State Governments and Territory. Identified savings from 2019-20 and 2020-21 of \$2.3m as a result of the COVID-19 pandemic have been offset against the cost of regulation through the application of the fee regulation for the year ending 30 June 2022. Consideration will be given to further offsets for the year ending 30 June 2023.

Income

5. Revenue from fees and charges

	2021	2020
	\$'000	\$'000
Revenue from accreditations	131	128
Revenue from major projects	1,404	1,467
Revenue from annual fees from industry and government	38,178	38,651
Total revenue from fees and charges	39,713	40,246

Revenues from fees and charges are derived from the annual fees payable by industry and state governments. Fees and charges received by ONRSR are recognised as income immediately in the Statement of Comprehensive Income. Income recognition is in accordance with AASB 1058 *Income of Not-for-Profit Entities*.

6. Funding for transition expenses

	2021	2020
	\$'000	\$'000
Capital contribution	-	1,524
Total funding for transition expenses	-	1,524

Contributions are recognised as income when the performance obligations associated with the income are satisfied, being the date of transition of regulatory oversight responsibility.

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7. Penalties income

	2021	2020
	\$'000	\$'000
Penalties received	-	263
Total penalties income	-	263

Penalty income is received from prosecutions by the Regulator under the Law.

8. Interest revenues

	2021	2020
	\$'000	\$'000
Interest received	166	313
Total interest revenues	166	313

Interest is recognised using the effective interest rate method.

9. Gain on derecognition of financial liabilities

	2021	2020
	\$'000	\$'000
Gain on derecognition of financial liabilities	1	818
Total gain on derecognition of financial liabilities	1	818

Financial liabilities are remeasured on termination of contracts. Gains or losses are recognised through the Statement of Comprehensive Income in accordance with *AASB 9 Financial Instruments*.

10. Other income

	2021	2020
	\$'000	\$'000
Reimbursement of legal costs	-	114
Impairment loss allowance recovered	-	15
Other	42	15
Total other revenue	42	144

Expenses

11. Employee benefits expenses

	2021	2020
	\$'000	\$'000
Salaries and wages	21,602	20,497
Annual leave	1,896	1,736
Long service leave	600	643
Employment on-costs - superannuation ¹	2,182	2,059
Employment on-costs - other	1,285	1,107
Workers compensation	162	87
Total employee benefits expenses	27,727	26,129

¹The superannuation employment on-cost charge represents ONRSR's contributions to externally managed superannuation plans in respect of current services of current staff.

Accounting policies for employee related expenses is contained in note 25.

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12. Supplies and services

	2021	2020
	\$'000	\$'000
Consultants	549	422
Contractors fees	682	513
Information technology	1,849	1,895
Insurance	420	373
Legal costs	199	79
Property	722	611
Short-term leases ¹	59	83
Training and development	359	330
Transition expenses	-	179
Travelling expenses	615	1,085
Other	754	673
Total supplies and services	6,208	6,243

¹ONRSR has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less. ONRSR recognises the lease payments associated with short term leases as an expense.

13. Service level agreement

	2021	2020
	\$'000	\$'000
Payment under Service Level Agreement with Victoria	-	2,476
Total service level agreement	-	2,476

In the state of Victoria ONRSR's responsibility for regulatory oversight was via a Service Level Agreement prior to its transition to the national model on the 2 December 2019.

OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR

14. Depreciation and amortisation

	2021	2020
	\$'000	\$'000
Fixtures and fittings	62	64
Computer equipment	78	206
Computer software	511	486
Leasehold improvements	621	450
Right-of-use assets	2,280	2,161
Total depreciation and amortisation	3,552	3,367

All non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential.

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

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

The value of leasehold improvements is amortised over the estimated useful life of each improvement, or the unexpired period of the relevant lease, whichever is shorter.

The depreciation rates for right-of-use assets are based on the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

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

Class of asset	Useful life (years)
Computer equipment	2 - 10
Intangible assets	2 - 10
Leasehold improvements	Life of Lease
Right-of-use assets	Life of Lease

Depreciation on fixtures and fittings is calculated using the diminishing value method.

15. Finance costs

	2021	2020
	\$'000	\$'000
Interest expense on lease liabilities	174	203
Total finance costs	174	203

16. Other expenses

	2021	2020
	\$'000	\$'000
Property, plant and equipment write-off (refer note 22)	208	22
Total other expenses	208	22

OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR

Assets

17. Cash and cash equivalents

	2021	2020
	\$'000	\$'000
Cash at bank	17,920	13,438
Total cash and cash equivalents	17,920	13,438

Cash is recognised at its nominal amount. Cash and cash equivalents includes deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

18. Receivables

	2021	2020
	\$'000	\$'000
Current		
Account receivables	14	74
Prepayments	581	545
Accrued interest	1	2
Security deposit	5	5
GST input tax receivable	92	93
Workers compensation receivable	-	10
Total current receivables	693	729
Non-current		
Prepayments	9	6
Total non-current receivables	9	6
Total receivables	702	735

Movement in impairment loss allowance

Carrying amount at the beginning of the period	-	16
Increase in the allowance	-	-
Amounts written off	-	(1)
Amounts recovered during the year	-	(15)
Carrying amount at the end of the period	-	-

Receivables arise from the collection of fees and charges from industry and state governments. Receivables are generally settled within 30 days after the issue of an invoice.

ONRSR has adopted the simplified approach under AASB 9 and measured lifetime expected losses on all accounts receivable using a provision matrix approach.

19. Financial assets

	2021	2020
	\$'000	\$'000
Terms deposits - current	8,000	-
Terms deposits - non-current	-	8,000
Total financial assets	8,000	8,000

Financial assets are term deposits with an original maturity date of greater than 3 months.

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20. Property, plant and equipment

	2021	2020
	\$'000	\$'000
Leasehold improvements		
At cost	4,778	4,778
Accumulated depreciation	(1,633)	(1,012)
Total leasehold improvements	<u>3,145</u>	<u>3,766</u>
Fixtures and fittings		
At cost	818	938
Accumulated depreciation	(295)	(301)
Total fixtures and fittings	<u>523</u>	<u>637</u>
Computer equipment		
At cost	322	1,090
Accumulated depreciation	(144)	(717)
Total computer equipment	<u>178</u>	<u>373</u>
Right-of-use assets		
At cost	15,152	15,039
Accumulated depreciation	(4,419)	(2,147)
Total right-of-use assets	<u>10,733</u>	<u>12,892</u>
Total property, plant and equipment	<u>14,579</u>	<u>17,668</u>

Property, plant and equipment are initially identified at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Property, plant and equipment are subsequently measured at cost after allowing for accumulated depreciation and are tested for indications of impairment at each reporting date. Where assets are acquired at no value, or minimal value, they are recorded at fair value in the Statement of Financial Position.

All property, plant and equipment with a value equal to or in excess of \$5,000 are capitalised.

ONRSR expects for all non-current tangible assets that any costs of disposal will be negligible, and the recoverable amount to be close to or greater than the carrying value.

Items of property, plant and equipment are derecognised upon disposal or when no further future economic benefits are expected from its use or disposal (refer note 10).

Leased right-of-use assets are capitalised on the commencement date of the lease and comprise the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives receivable.

ONRSR's leases are for office accommodation and motor vehicles. Office leases are non-cancellable with terms ranging up to 10 years with some leases having the right of renewal. Rent is payable one month in advance. Lease payment are increased annually in accordance with the terms of the lease agreement.

Impairment

There were no indications of impairment of property, plant and equipment or right-of-use assets at 30 June 2021.

OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR

21. Intangible assets

	2021 \$'000	2020 \$'000
Computer software		
Internally developed computer software	2,823	2,720
Accumulated amortisation	<u>(1,815)</u>	<u>(1,327)</u>
	1,008	1,393
Other computer software	921	927
Accumulated amortisation	<u>(869)</u>	<u>(909)</u>
	52	18
Total computer software	1,060	1,411
Work in progress (intangibles):		
At cost	21	45
Total work in progress (intangibles)	21	45
Total intangible assets	1,081	1,456

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

The acquisition of internal development or of externally acquired software is capitalised only when the expenditure meets the definition and recognition criteria and when the amount of expenditure is greater than or equal to \$5,000.

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

Intangible assets are derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Impairment

There were no indications of impairment of intangibles at 30 June 2021.

22. Asset movement reconciliation 2021

	Leasehold improvements \$'000	Fixtures and fittings \$'000	Computer equipment \$'000	Intangible assets \$'000	Right-of-use assets \$'000	Total \$'000
2021						
Carrying amount at 1 July 2020	3,766	637	373	1,456	12,892	19,124
Additions at cost	-	-	39	160	-	199
Additions work in progress	-	-	-	21	-	21
Additions of right-of-use assets	-	-	-	-	99	99
Reclassification of prior year WIP	-	-	-	(45)	-	(45)
Disposals	-	(52)	(156)	-	(22)	(230)
Lease modification	-	-	-	-	44	44
Depreciation/amortisation	<u>(621)</u>	<u>(62)</u>	<u>(78)</u>	<u>(511)</u>	<u>(2,280)</u>	<u>(3,552)</u>
Carrying amount at 30 June 2021	3,145	523	178	1,081	10,733	15,660

OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR

Liabilities

23. Payables

	2021	2020
	\$'000	\$'000
Current		
Creditors	114	166
Accrued expenses	203	130
Employee on-costs ¹	143	97
Paid Parental Leave Scheme payable	8	-
FBT payable	10	4
Total current payables	478	397

¹ Employee on-costs include payroll tax, workers compensation levies and superannuation contributions. ONRSR makes contributions to several state government and commercial superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due but not yet paid to scheme managers.

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

24. Financial Liabilities

	2021	2020
	\$'000	\$'000
Current		
Lease liabilities	2,038	1,917
Total current financial liabilities	2,038	1,917
Non-Current		
Lease liabilities	9,235	11,160
Total non-current financial liabilities	9,235	11,160
Total financial liabilities	11,273	13,077

OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR

25. Employee benefits

	2021	2020
	\$'000	\$'000
Current		
Accrued salaries and wages	721	627
Separation and redundancy payments	-	115
Annual Leave	1,904	1,631
Long service leave	2,075	1,670
Total current employee benefits	4,700	4,043
Non-Current		
Long service leave	739	741
Total non-current employee benefits	739	741
Total Employee benefits	5,439	4,784

Employee benefits accrue for employees as a result of services provided up to the reporting date that remain unpaid. The obligations are presented as current liabilities if ONRSR does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

• *Short term obligations*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of the employee's service up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

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

• *Other long-term benefit obligations*

The liability for long service leave which is not expected to be settled within 12 months after the end of the period in which employees render the related service is recognised in employee benefits and measured at the present value of the expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels. Expected future payments are discounted using market yields at the end of the reporting period on government bonds.

• *Separation and redundancy*

Provision is made for separation and redundancy benefit payments. ONRSR recognises a provision for separation or redundancy when it has developed a detailed plan for the separation or redundancy and the affected employees have agreed to the separation or redundancy.

26. Provisions

	2021	2020
	\$'000	\$'000
Non-current		
Opening Balance - Make Good	1,219	389
Additions to Make Good	-	265
Revaluation of Make Good	-	565
Total provisions	1,219	1,219

ONRSR currently has agreements for the leasing of premises which have provisions requiring ONRSR to restore premises to their original condition at the conclusion of the lease. The entity has made a provision to reflect the present value of that obligation.

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27. Unrecognised contractual commitments

Capital commitments

	2021	2020
	\$'000	\$'000
Within one year	57	4
Later than one year but no longer than five years	-	-
Total capital commitments	57	4

Expenditure commitments - Other

	2021	2020
	\$'000	\$'000
Within one year	1,056	1,010
Later than one year but no longer than five years	408	563
Total other commitments	1,464	1,573

Amounts disclosed include commitments arising from IT maintenance contracts and contractors and short term leases not recognised in accordance with AASB 16.

28. Contingent assets and liabilities

ONRSR is not aware of any contingent assets or liabilities at 30 June 2021.

29. Key management personnel

Key management personnel of ONRSR include the Regulator, Non Executive Members and Executive Directors who have responsibility for the strategic direction and management of ONRSR. Total compensation for the ONRSR's key management personnel was \$1.915 million (2020: \$1.920 million). The total number of key management personnel is 7 (2020: 7).

Transactions with key management personnel

There were no transactions with the key management personnel during the reporting period.

30. Related party transactions

Related parties of ONRSR include all key management personnel and their close family members. There were no related party transactions during the reporting period.

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31. Financial instruments

Categorisation of financial instruments

The carrying amounts of each of the financial instrument categories are detailed below:

	2021 \$'000	2020 \$'000
Financial assets:		
Financial assets		
Cash and cash equivalents	17,920	13,438
Term deposits	8,000	8,000
Financial assets at amortised cost		
Receivables	20	91
Total financial assets	25,940	21,529
Financial liabilities:		
Financial liabilities at amortised cost		
Payables	262	242
Lease liabilities	11,273	13,077
Total financial liabilities	11,535	13,319
Net gain or loss on financial assets:		
Cash and cash equivalents		
Interest on cash and cash equivalents	61	121
Financial assets		
Interest on term deposits	105	192
Net gain (loss) on financial assets	166	313
Net gain or loss on financial liabilities:		
Lease Liabilities		
Interest expense on lease liabilities	(174)	(203)
Payables		
Gain on derecognition of financial liabilities	1	818
Net gain (loss) on financial assets	(173)	615

Receivable and payable amounts disclosed in this note exclude amounts relating to statutory receivables and payables.

Receivables amount disclosed here excludes prepayments and security deposits. Prepayments are presented in note 18 receivables in accordance with paragraph 78 (b) of AASB 101. Prepayments are not financial assets as defined in AASB 132 as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

Financial assets include contractual rights to receive cash or another financial asset from another entity. Financial assets also include receivables that arise from statutory requirements, as the statutory requirements provide ONRSR with a right to receive cash or another financial asset from another entity.

Financial assets are measured at amortised cost using the effective interest method adjusted for any loss allowance.

Financial assets are assessed for impairment at each balance date.

Financial liabilities consist of suppliers and other payables and are measured at amortised cost. Due to their short term nature they are not discounted. Liabilities are recognised to the extent that the goods or services have been received.