

# Office of the National Rail Safety Regulator

Financial report  
for the year ended  
30 June 2019

## **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 provisions of the *Public Finance and Audit Act 1987*, the *Rail Safety National Law (South Australia) Act 2012* and the 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 is free from material misstatement, whether due to fraud or error.

## **Auditor's responsibilities for the audit of the financial report**

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
- 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.

A handwritten signature in black ink, appearing to read 'Andrew Richardson', with a long horizontal stroke extending to the right.

Andrew Richardson

**Auditor-General**

29 August 2019

## OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR

### CERTIFICATION OF FINANCIAL STATEMENTS

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

- complies with Section 263 of the *Rail Safety National Law (South Australia) Act 2012* and Regulation 48 of *RSNL National Regulations*, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the Office of the National Rail Safety Regulator; and
- present a true and fair view of the financial position of the Office of the National Rail Safety Regulator as at 30 June 2019 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.



Acting Chief Executive



Executive Director - Corporate

28 / 8 / 2019

28 / 8 / 2019

## OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR

### STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
<b>Expenses:</b>			
Employee benefits expenses	4	21,814	21,465
Supplies and services	5	8,161	8,060
Service level agreement	6	6,303	6,186
Depreciation and amortisation	7	1,111	953
Impairment loss allowance	8	16	41
Other expenses	9	22	-
<b>Total expenses</b>		<b>37,427</b>	<b>36,705</b>
<b>Income:</b>			
Revenues from fees and charges	10	38,407	39,008
Interest revenues	11	396	320
Other income	12	17	2
<b>Total income</b>		<b>38,820</b>	<b>39,330</b>
<b>Net result</b>		<b>1,393</b>	<b>2,625</b>
<b>Total comprehensive result</b>		<b>1,393</b>	<b>2,625</b>

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

**OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR**

**STATEMENT OF FINANCIAL POSITION**

**As at 30 June 2019**

	Note	2019 \$'000	2018 \$'000
<b>Current assets:</b>			
Cash and cash equivalents	13	17,630	15,186
Receivables	14	669	1,163
<b>Total current assets</b>		<b>18,299</b>	<b>16,349</b>
<b>Non-current assets</b>			
Receivables	14	3	114
Property, plant and equipment	15	3,521	4,105
Intangible assets	16	1,730	2,114
<b>Total non-current assets</b>		<b>5,254</b>	<b>6,333</b>
<b>Total assets</b>		<b>23,553</b>	<b>22,682</b>
<b>Current liabilities:</b>			
Payables	17	3,414	4,240
Employee benefits	18	2,362	2,179
Other liabilities	19	13	8
<b>Total current liabilities</b>		<b>5,789</b>	<b>6,427</b>
<b>Non-current liabilities:</b>			
Employee benefits	18	593	491
Other liabilities	19	63	49
Provisions	20	389	389
<b>Total non-current liabilities</b>		<b>1,045</b>	<b>929</b>
<b>Total liabilities</b>		<b>6,834</b>	<b>7,356</b>
<b>Net assets</b>		<b>16,719</b>	<b>15,326</b>
<b>Equity:</b>			
Retained earnings		16,719	15,326
<b>Total equity</b>		<b>16,719</b>	<b>15,326</b>

The above statements 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 2019

	2019	2018
	\$'000	\$'000
<b>Retained earnings:</b>		
Balance at 1 July	15,326	12,701
Net result	1,393	2,625
<b>Balance at 30 June</b>	<b>16,719</b>	<b>15,326</b>

The above statements 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 2019**

		<b>2019</b>	<b>2018</b>
	<b>Note</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities:</b>			
Cash outflows			
Employee benefit payments		(21,726)	(20,688)
Payments for supplies and services		(8,877)	(9,273)
Payments for service level agreement		(6,900)	(5,644)
<b>Cash used in operations</b>		<b>(37,503)</b>	<b>(35,605)</b>
Cash inflows			
Fees and charges		38,477	38,444
Interest received		396	318
Funding for transition expenses		-	186
GST recovered from the ATO		877	943
Other receipts		380	378
<b>Cash generated from operations</b>		<b>40,130</b>	<b>40,269</b>
<b>Net cash provided by (used in) operating activities</b>		<b>2,627</b>	<b>4,664</b>
<b>Cash flows from investing activities:</b>			
Cash outflows			
Purchase of property, plant and equipment		(96)	(1,746)
Purchases of intangibles		(87)	(85)
<b>Cash used in investing activities</b>		<b>(183)</b>	<b>(1,831)</b>
<b>Net increase in cash and cash equivalents</b>		<b>2,444</b>	<b>2,833</b>
<b>Cash and cash equivalents at 1 July</b>		<b>15,186</b>	<b>12,353</b>
<b>Cash and cash equivalents at 30 June</b>	13	<b>17,630</b>	<b>15,186</b>

The above statements 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

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#### 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. In the state of Victoria this is via a Service Level Agreement and it is anticipated Victoria will transition to the national model in 2019-20.

#### 2. Significant accounting policies

##### (a) Statement of compliance

These financial statements have been prepared in compliance with section 263 of the *Rail Safety National Law (South Australia) Act 2012* and Regulation 48 of *Rail Safety National Law National Regulations*.

The financial statements are general purpose financial statements. The accounts 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.

##### (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).

## OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR

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.

**(f) Events after the reporting period**

There are no events which have occurred after the balance date which require disclosure or an adjustment to the financial statements.

**(g) Current and non-current 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.

**(h) Unrecognised contractual commitments and contingent assets and liabilities**

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

### 3. New and revised accounting standards and policies

ONRSR did not voluntarily change any of its accounting policies during 2018-19. 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 2019. ONRSR has assessed the impact of the new changed Australian Accounting Standards and interpretations not yet implemented.

ONRSR will adopt *AASB 16 Leases* from 1 July 2019. AASB 16, which replaces *AASB 117 Leases* sets out a model for lease accounting that addresses recognition, measurement, presentation and disclosure of leases. Adoption of AASB 16 will result in leases previously classified as operating leases having right-of-use assets and related lease liabilities being recognised in the Statement of Financial Position for the first time. AASB 16 is expected to have a material impact on the Statement of Financial Position. ONRSR has estimated the impact of this change and the results as at 1 July 2019. The estimate is based on applying AASB 16's transition approach to those leases identified as leases by ONRSR prior to 1 July 2019. The incremental borrowing rate applied to estimate the lease liability is the rate on ONRSR's current overdraft facility. ONRSR has elected not to separate non-lease components from lease components. The estimated impact is set out below.

**OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR**

	<b>as at 1-Jul-19 \$'000</b>
<b>Assets</b>	
Right-of-use assets	9,952
<b>Liabilities</b>	
Lease liabilities	9,952
<b>Net impact on Equity</b>	-

AASB 16 will also impact the Statement of Comprehensive Income. The operating lease expense previously included in supplies and services expense will mostly be replaced with a depreciation expense that represents the use of the right-of-use asset and borrowing costs that represent the cost associated with financing the right-of-use asset. The estimated impact on 2019-20 Statement of Comprehensive Income is set out below.

	<b>2020 \$'000</b>
Depreciation and amortisation	1,551
Borrowing costs	409
Supplies and services expense	(1,678)
<b>Net impact on comprehensive result</b>	<b>282</b>

*AASB 9 Financial Instruments* replaces the provisions of AASB 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of AASB 9 from 1 July 2018 resulted in changes to accounting policies, however the adoption has not had a significant effect on the recognition, measurement or classification of ONRSR's financial assets or financial liabilities. ONRSR has assessed and reclassified its financial assets into the appropriate AASB 9 categories depending on the business model and contractual cash flows characteristics applying to the asset (refer note 25).

New impairment requirements result in a provision being applied to all receivables rather than only on those receivables that are credit impaired. ONRSR has adopted the simplified approach under AASB 9 and measured lifetime expected credit losses on all accounts receivable using a provision matrix approach (refer note 14).

## OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR

### Expenses

#### 4. Employee benefits expenses

	2019	2018
	\$'000	\$'000
Salaries and wages	17,091	16,740
Annual leave	1,412	1,373
Long service leave	453	568
Employment on-costs - superannuation*	1,696	1,677
Employment on-costs - other	1,092	1,027
Workers compensation	70	80
<b>Total employee benefits expenses</b>	<b>21,814</b>	<b>21,465</b>

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

#### 5. Supplies and services

	2019	2018
	\$'000	\$'000
Consultants	895	741
Contractors fees	646	1,063
Information Technology	1,499	1,656
Insurance	344	323
Legal Costs	183	216
Operating lease payments*	1,902	1,614
Property	247	262
Training and development	270	211
Travelling expenses	1,396	1,415
Other	779	559
<b>Total supplies and services</b>	<b>8,161</b>	<b>8,060</b>

\*Operating lease payments (less any lease incentives) are recognised on a straight-line basis over the lease term.

#### 6. Service level agreement

	2019	2018
	\$'000	\$'000
Payment under Service Level Agreement with Victoria	6,303	6,186
<b>Total service level agreement</b>	<b>6,303</b>	<b>6,186</b>

The Service Level Agreement with Victoria is anticipated to transfer to ONRSR under a direct delivery model in 2019-20.

## OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR

### 7. Depreciation and amortisation

	2019	2018
	\$'000	\$'000
Fixtures and fittings	61	68
Computer equipment	215	219
Computer software	464	401
Leasehold improvements	371	265
<b>Total depreciation and amortisation</b>	<b>1,111</b>	<b>953</b>

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.

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	3 - 10
Intangible assets	3 - 10
Leasehold improvements	Life of Lease

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

### 8. Impairment loss allowance

	2019	2018
	\$'000	\$'000
Bad debts and allowances for impairment loss (refer note 14)	16	41
<b>Total impairment loss allowance</b>	<b>16</b>	<b>41</b>

### 9. Other expenses

	2019	2018
	\$'000	\$'000
Property, plant and equipment write-off (refer note 15)	22	-
<b>Total other expenses</b>	<b>22</b>	<b>-</b>

## OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR

### Income

#### 10. Revenue from fees and charges

	2019	2018
	\$'000	\$'000
Revenue from accreditations	101	113
Revenue from major projects	1,309	1,163
Revenue from annual fees from industry and government	36,997	37,732
<b>Total revenue from fees and charges</b>	<b>38,407</b>	<b>39,008</b>

Revenues from fees and charges are derived from the annual fees payable by industry and state governments. Revenue is recognised as income when ONRSR obtains the right to receive the income and the income recognition criteria is met.

#### 11. Interest revenues

	2019	2018
	\$'000	\$'000
Interest received	396	320
<b>Total interest revenues</b>	<b>396</b>	<b>320</b>

Interest is recognised using the effective interest rate method.

#### 12. Other income

	2019	2018
	\$'000	\$'000
Freedom of information fees	-	1
Impairment loss allowance recovered	12	1
Other	5	-
<b>Total other revenue</b>	<b>17</b>	<b>2</b>

## OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR

### Assets

#### 13. Cash and cash equivalents

	2019	2018
	\$'000	\$'000
Cash at bank and on hand	17,630	15,186
<b>Total cash and cash equivalents</b>	<b>17,630</b>	<b>15,186</b>

Cash is recognised at its nominal amount.

#### 14. Receivables

	2019	2018
	\$'000	\$'000
<b>Current</b>		
Account receivables	58	141
Prepayments	432	747
Accrued interest	8	9
Accrued revenue	25	12
Security deposit	61	96
GST input tax receivable	94	199
Employee expense recoverable	7	-
<b>Total current receivables</b>	<b>685</b>	<b>1,204</b>
<b>Non-current</b>		
Prepayments	3	114
<b>Total non-current receivables</b>	<b>3</b>	<b>114</b>
<b>Total receivables</b>	<b>688</b>	<b>1,318</b>
<b>Less impairment loss allowance</b>	<b>(16)</b>	<b>(41)</b>
<b>Net receivables</b>	<b>672</b>	<b>1,277</b>
<b>Movement in Impairment loss allowance</b>		
Carrying amount at the beginning of the period	41	6
Increase in the allowance	16	41
Amounts written off	(29)	(5)
Amounts recovered during the year	(12)	(1)
<b>Carrying amount at the end of the period</b>	<b>16</b>	<b>41</b>

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

## OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR

### 15. Property, plant and equipment

	2019	2018
	\$'000	\$'000
Leasehold improvements		
At cost	3,273	2,464
Accumulated depreciation	(719)	(348)
<b>Total leasehold improvements</b>	<b>2,554</b>	<b>2,116</b>
Work in progress		
At cost	-	785
<b>Total work in progress</b>	<b>-</b>	<b>785</b>
<b>Total leasehold improvements</b>	<b>2,554</b>	<b>2,901</b>
Fixtures and fittings		
At cost	781	801
Accumulated depreciation	(245)	(190)
<b>Total fixtures and fittings</b>	<b>536</b>	<b>611</b>
Computer equipment		
At cost	910	1,031
Accumulated depreciation	(511)	(449)
<b>Total computer equipment</b>	<b>399</b>	<b>582</b>
Work in progress		
At cost	32	11
<b>Total work in progress</b>	<b>32</b>	<b>11</b>
<b>Total computer equipment</b>	<b>431</b>	<b>593</b>
<b>Total property, plant and equipment</b>	<b>3,521</b>	<b>4,105</b>

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 9).

#### **Impairment**

There were no indications of impairment of property, plant and equipment at 30 June 2019.

**OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR**

**16. Intangible assets**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Computer software		
Internally developed computer software	2,535	2,499
Accumulated amortisation	(908)	(505)
Other computer software	949	949
Accumulated amortisation	(890)	(829)
<b>Total computer software</b>	<b>1,686</b>	<b>2,114</b>
Work in progress (intangibles):		
At cost	44	-
<b>Total work in progress (intangibles)</b>	<b>44</b>	<b>-</b>
<b>Total intangible assets</b>	<b>1,730</b>	<b>2,114</b>

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 of or 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.

**Impairment**

There were no indications of impairment of intangible assets at 30 June 2019.

**Asset movement reconciliation 2019**

	<b>Leasehold improvements</b>	<b>Fixtures and fittings</b>	<b>Computer equipment</b>	<b>Intangible assets</b>	<b>Total</b>
<b>2019</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Carrying amount at 1 July 2018	2,901	611	593	2,114	6,219
Additions at cost	809	-	40	36	885
Additions work in progress	-	-	32	44	76
Reclassification of prior year WIP	(785)	-	(11)	-	(796)
Disposals	-	(14)	(8)	-	(22)
Depreciation/amortisation	(371)	(61)	(215)	(464)	(1,111)
<b>Carrying amount at 30 June 2019</b>	<b>2,554</b>	<b>536</b>	<b>431</b>	<b>1,730</b>	<b>5,251</b>

## OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR

### Liabilities

#### 17. Payables

	2019	2018
	\$'000	\$'000
<b>Current</b>		
Creditors	169	296
Accrued expenses	3,052	3,816
Employee on-costs*	185	122
Paid Parental Leave Scheme payable	-	3
GST payable	1	1
FBT payable	7	2
<b>Total current payables</b>	<b>3,414</b>	<b>4,240</b>

\* 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.

#### 18. Employee benefits

	2019	2018
	\$'000	\$'000
<b>Current</b>		
Accrued salaries and wages	361	353
Redundancy payments	-	247
Annual Leave	1,009	861
Long service leave	992	718
<b>Total current employee benefits</b>	<b>2,362</b>	<b>2,179</b>
<b>Non-Current</b>		
Long service leave	593	491
<b>Total non-current employee benefits</b>	<b>593</b>	<b>491</b>
<b>Total Employee benefits</b>	<b>2,955</b>	<b>2,670</b>

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 and annual 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.

## OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR

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 as 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 periods using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on government bonds.

- *Separation redundancy*

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

### 19. Other liabilities

	2019	2018
	\$'000	\$'000
<b>Current</b>		
Lease Incentive	13	8
<b>Total current other liabilities</b>	<b>13</b>	<b>8</b>
<b>Non-Current</b>		
Lease Incentive	63	49
<b>Total non-current other liabilities</b>	<b>63</b>	<b>49</b>
<b>Total other liabilities</b>	<b>76</b>	<b>57</b>

### 20. Provisions

	2019	2018
	\$'000	\$'000
<b>Non-current</b>		
Make good	389	389
<b>Total provisions</b>	<b>389</b>	<b>389</b>

## OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR

### 21. Unrecognised contractual commitments

#### Capital commitments

There are no capital commitments in ONRSR.

#### Expenditure commitments - Other

	2019	2018
	\$'000	\$'000
Within one year	771	420
Later than one year but no longer than five years	851	616
<b>Total other commitments</b>	<b>1,622</b>	<b>1,036</b>

Amounts disclosed include commitments arising from IT maintenance contracts and contractors.

#### Operating lease commitments

2019	2018
\$'000	\$'000

Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:

Within one year	1,721	1,519
Later than one year but no longer than five years	6,663	6,482
Later than five years	2,886	4,517
<b>Total operating lease commitments</b>	<b>11,270</b>	<b>12,518</b>

ONRSR's operating 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 payments are increased annually in accordance with movements in CPI or as per the lease agreement.

Lease Incentives in the form of rent free periods are capitalised as an asset and depreciated over the remaining term of the lease.

### 22. Contingent assets and liabilities

The Regulator commenced a prosecution in 2018 in accordance with section 220 of the Law in the District Court of New South Wales against an accredited rail transport operator for four alleged breaches of the Law, which had resulted in the fatality of a rail safety worker. The Regulator has successfully negotiated an early guilty plea by the operator for two breaches of the Law (withdrawing the other two charges). The operator has been convicted, and will be sentenced in mid-August 2019 at which time the Regulator will seek orders for a moiety which is one half of any fines imposed as a penalty against the operator, as well as an order for its external legal costs.

The ONRSR is not aware of any other contingent assets or liabilities.

## OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR

### 23. 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 \$1.913 million (2018: \$1.938 million). The total key management personnel included are 8 (2018: 8).

#### Transactions with key management personnel

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

### 24. 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.

### 25. Financial instruments

#### Categorisation of financial instruments

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

	2019	2018
	\$'000	\$'000
<b><u>Financial assets:</u></b>		
<b><i>Financial Assets under AASB 139</i></b>		
<b>Cash and cash equivalents</b>		
Cash and cash equivalents	-	15,186
<b>Loans and receivables</b>		
Receivables	-	217
<b><i>Financial Assets under AASB 9</i></b>		
<b>Financial assets at amortised cost</b>		
Cash and cash equivalents	17,630	-
Receivables	143	-
<b>Total financial assets</b>	<b>17,773</b>	<b>15,403</b>
<b><u>Financial liabilities:</u></b>		
<b>Financial liabilities at amortised cost</b>		
Payables	3,169	4,060
<b>Total financial liabilities</b>	<b>3,169</b>	<b>4,060</b>
<b><u>Net gain or loss on financial assets:</u></b>		
<b>Cash and cash equivalents</b>		
Interest revenue	396	320
<b>Net gain (loss) on financial assets</b>	<b>396</b>	<b>320</b>

## OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR

### Classification of financial assets on the date of initial application of AASB 9

Financial Asset	Note	AASB 139 classification	AASB 9 classification
Cash and cash equivalents	13	Held to maturity	Amortised cost
Receivables	14	Loans and receivables	Amortised cost

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 14 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.