



Level 9  
State Administration Centre  
200 Victoria Square  
Adelaide SA 5000  
Tel +618 8226 9640  
ABN 53 327 061 410  
audgensa@audit.sa.gov.au  
www.audit.sa.gov.au

## To the Acting Chief Executive 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 2023.

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 2023, its financial performance and its cash flows for the year then ended under the provisions of the *Public Finance and Audit Act 1987*, the *Rail Safety National Law (South Australia) Act 2012* and Australian Accounting Standards - Simplified Reporting Requirements.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2023
- a Statement of Financial Position as at 30 June 2023
- a Statement of Changes in Equity for the year ended 30 June 2023
- a Statement of Cash Flows for the year ended 30 June 2023
- notes, comprising material accounting policy information and other explanatory information
- a Certificate from the Acting Chief Executive and the Executive Director, Corporate Services.

### 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 Acting Chief Executive for the financial report**

The Acting Chief Executive is responsible for the preparation of the financial report that gives a true and fair view 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 – Simplified Reporting Requirements, 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 Acting Chief Executive is responsible for assessing the Office of the National Rail Safety Regulator's ability to continue as a going concern. The Acting 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 2023.

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 Acting Chief Executive
- conclude on the appropriateness of the Acting 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 Acting 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.



Daniel O'Donohue  
**Assistant Auditor-General (Financial Audit)**

01 September 2023

## OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR

### CERTIFICATION OF FINANCIAL STATEMENTS

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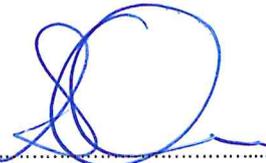
We certify that the attached financial statements for the Office of the National Rail Safety Regulator:

- 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 2023 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 Services

28 / 8 / 2023

28 / 8 / 2023

## OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR

### STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2023

		2023	2022
	Note	\$'000	\$'000
<b>Income:</b>			
Revenues from fees and charges	4	40,137	38,076
Interest revenues	5	852	116
Other income	6	781	4
<b>Total income</b>		<b>41,770</b>	<b>38,196</b>
<b>Expenses:</b>			
Employee benefits expenses	7	28,956	28,820
Supplies and services	8	11,401	8,492
Depreciation and amortisation	9	3,333	3,461
Finance costs	10	132	169
Other expenses	11	1,117	25
<b>Total expenses</b>		<b>44,939</b>	<b>40,967</b>
<b>Net result</b>		<b>(3,169)</b>	<b>(2,771)</b>
<b>Total comprehensive result</b>		<b>(3,169)</b>	<b>(2,771)</b>

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 2023**

	Note	2023 \$'000	2022 \$'000
<b>Current assets:</b>			
Cash and cash equivalents	12	13,051	10,153
Receivables	13	1,057	814
Financial assets	14	10,000	14,000
<b>Total current assets</b>		<b>24,108</b>	<b>24,967</b>
<b>Non-current assets:</b>			
Receivables	13	-	3
Property, plant and equipment	15	8,672	11,470
Intangible assets	16	-	1,511
<b>Total non-current assets</b>		<b>8,672</b>	<b>12,984</b>
<b>Total assets</b>		<b>32,780</b>	<b>37,951</b>
<b>Current liabilities:</b>			
Payables	18	1,068	489
Financial liabilities	19	2,249	2,117
Employee benefits	20	4,805	5,427
Other liabilities	22	-	1
<b>Total current liabilities</b>		<b>8,122</b>	<b>8,034</b>
<b>Non-current liabilities:</b>			
Financial liabilities	19	4,778	6,925
Employee benefits	20	728	671
Provisions	21	1,219	1,219
<b>Total non-current liabilities</b>		<b>6,725</b>	<b>8,815</b>
<b>Total liabilities</b>		<b>14,847</b>	<b>16,849</b>
<b>Net assets</b>		<b>17,933</b>	<b>21,102</b>
<b>Equity:</b>			
Retained earnings		17,776	20,945
Reserves		157	157
<b>Total equity</b>		<b>17,933</b>	<b>21,102</b>

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 2023**

	Note	2023 \$'000	2022 \$'000
<b>Retained earnings:</b>			
<b>Opening balance</b>			
Balance carried forward from previous period		20,945	23,716
<b>Adjusted opening balance</b>		<b>20,945</b>	<b>23,716</b>
<b>Comprehensive income</b>			
Net result		(3,169)	(2,771)
<b>Total retained earnings</b>		<b>17,776</b>	<b>20,945</b>
<b>Asset revaluation reserve:</b>			
<b>Opening balance</b>			
Balance carried forward from previous period		157	157
<b>Adjusted opening balance</b>		<b>157</b>	<b>157</b>
<b>Comprehensive income</b>			
Revaluation of property, plant and equipment		-	-
<b>Total asset revaluation reserve</b>		<b>157</b>	<b>157</b>
<b>Total equity:</b>			
<b>Opening balance</b>			
Balance carried forward from previous period		21,102	23,873
<b>Adjusted opening balance</b>		<b>21,102</b>	<b>23,873</b>
<b>Comprehensive income</b>			
Net result		(3,169)	(2,771)
Movement in reserves		-	-
<b>Total equity</b>		<b>17,933</b>	<b>21,102</b>

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 2023**

	Note	2023 \$'000	2022 \$'000
<b>Cash flows from operating activities:</b>			
<i>Cash outflows</i>			
Employee benefit payments		(29,440)	(28,143)
Payments for supplies and services		(12,366)	(9,686)
Interest paid on finance costs		(132)	(169)
<b>Cash used in operations</b>		<b>(41,938)</b>	<b>(37,998)</b>
<i>Cash inflows</i>			
Fees and charges received		40,140	38,082
Interest received		655	65
GST recovered from the ATO		1,303	1,078
Other receipts		893	88
<b>Cash generated from operations</b>		<b>42,991</b>	<b>39,313</b>
<b>Net cash provided by operating activities</b>		<b>1,053</b>	<b>1,315</b>
<b>Cash flows from investing activities:</b>			
<i>Cash outflows</i>			
Purchase of financial instruments		-	(6,000)
Purchases of intangibles		-	(1,026)
<b>Cash used in investing activities</b>		<b>-</b>	<b>(7,026)</b>
<i>Cash inflows</i>			
Proceeds from sale of financial instruments		4,000	-
<b>Cash generated from investing activities</b>		<b>4,000</b>	<b>-</b>
<b>Net cash provided by/(used in) investing activities</b>		<b>4,000</b>	<b>(7,026)</b>
<b>Cash flows from financing activities:</b>			
<i>Cash outflows</i>			
Repayment of principal portion of lease liabilities		(2,155)	(2,056)
<b>Cash used in financing activities</b>		<b>(2,155)</b>	<b>(2,056)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2,898</b>	<b>(7,767)</b>
<b>Cash and cash equivalents at 1 July</b>		<b>10,153</b>	<b>17,920</b>
<b>Cash and cash equivalents at 30 June</b>	12	<b>13,051</b>	<b>10,153</b>

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

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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.

#### 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, applying simplified disclosures.

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.

## OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR

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) 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.

**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 2023. ONRSR has assessed the impact of the new or changed Australian Accounting Standards and interpretations not yet implemented and has determined they will not have any material effect on ONRSR's financial statements.

**Income**

**4. Revenue from fees and charges**

	2023	2022
	\$'000	\$'000
Revenue from accreditations	77	74
Revenue from major projects	1,724	1,567
Revenue from annual fees from industry and government	38,336	36,435
<b>Total revenue from fees and charges</b>	<b>40,137</b>	<b>38,076</b>

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 in the reporting period when revenues are due in accordance with AASB 1004 *Contributions* (for those fees and charges payable by government) and AASB 1058 *Income of Not-for-Profit Entities* (for those fees and charges payable by industry).

**5. Interest**

	2023	2022
	\$'000	\$'000
Interest received	852	116
<b>Total interest revenues</b>	<b>852</b>	<b>116</b>

Interest is recognised using the effective interest rate method.

**6. Other income**

	2023	2022
	\$'000	\$'000
Penalties	16	-
Sale of assets	9	4
Reimbursement of legal costs	676	-
Reimbursement of other costs	80	-
<b>Total other income</b>	<b>781</b>	<b>4</b>

**OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR**

**7. Employee benefits expenses**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Salaries and wages	22,516	22,408
Annual leave	1,774	1,913
Long service leave	521	525
Separation and redundancy payments	-	50
Employment on-costs - superannuation <sup>1</sup>	2,525	2,419
Employment on-costs - other	1,455	1,358
Workers compensation	164	147
<b>Total employee benefits expenses</b>	<b>28,955</b>	<b>28,820</b>

<sup>1</sup>The 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 are contained in note 20.

**8. Supplies and services**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Consultants	859	682
Contractors fees	2,343	544
Information Technology	2,564	2,478
Insurance	534	478
Legal costs <sup>1</sup>	1,020	1,427
Property	805	686
Short-term leases	36	27
Training and development	576	324
Travelling expenses	1,685	778
Drug and alcohol testing	253	273
Other <sup>3</sup>	726	795
<b>Total supplies and services</b>	<b>11,401</b>	<b>8,492</b>

<sup>1</sup> Legal costs primarily relate to prosecution proceedings initiated by the Regulator in accordance with section 220 of the Law.

<sup>2</sup> ONRSR 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, except when it has been determined that a short term lease will continue to be utilised beyond the lease term. ONRSR recognises lease payments associated with short term leases as an expense when they are incurred.

<sup>3</sup> Other expenses include audit fees paid / payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987* of \$57,600 (2022: \$56,300). No other services were provided by the Auditor-General's Department.

**OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR**

**9. Depreciation and amortisation**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Fixtures and fittings	44	52
Computer equipment	45	56
Computer software	433	552
Leasehold improvements	621	621
Right-of-use assets	2,190	2,180
<b>Total depreciation and amortisation</b>	<b>3,333</b>	<b>3,461</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.

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:

<b>Class of asset</b>	<b>Useful life (years)</b>
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.

**10. Finance costs**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest expense on lease liabilities	132	169
<b>Total finance costs</b>	<b>132</b>	<b>169</b>

**11. Other expenses**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Impairment of intangible assets <sup>1</sup>	1,076	-
Net loss on disposal of intangible assets	2	-
Net loss on disposal of property, plant and equipment	38	25
Impairment loss on receivables	1	-
<b>Total other expenses</b>	<b>1,117</b>	<b>25</b>

<sup>1</sup> Further information regarding the impairment of intangible assets is provided within note 16.

**OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR**

**Assets**

**12. Cash and cash equivalents**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash at bank	13,051	10,153
<b>Total cash and cash equivalents</b>	<b>13,051</b>	<b>10,153</b>

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.

**13. Receivables**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Accounts receivable	3	7
Less: Impairment loss allowance	(1)	-
Prepayments	697	637
Accrued interest	251	53
Security deposit	5	5
GST input tax receivable	102	112
<b>Total current receivables</b>	<b>1,057</b>	<b>814</b>
<b>Non-current</b>		
Prepayments	-	3
<b>Total non-current receivables</b>	<b>-</b>	<b>3</b>
<b>Total receivables</b>	<b>1,057</b>	<b>817</b>

**Movement in impairment loss allowance**

An impairment loss allowance is recognised when there is objective evidence (based upon past experience and current and expected changes in client credit rating) that an account receivable has become impaired.

An impairment loss has been recognised within 'other expenses' in the Statement of Comprehensive Income in relation to specific accounts receivable for which such evidence exists, as well for total accounts receivable when assessed on a collective basis.

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Carrying amount at the beginning of the period	-	-
Increase in allowance recognised in profit and loss	1	-
Amounts written off	-	-
Amount recovered during the year	-	-
<b>Carrying amount at the end of the period</b>	<b>1</b>	<b>-</b>

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

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.

**OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR**

**14. Financial assets**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Terms deposits - current	10,000	14,000
<b>Total financial assets</b>	<b>10,000</b>	<b>14,000</b>

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

**15. Property, plant and equipment**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Leasehold improvements		
At cost	4,778	4,778
Accumulated depreciation	(2,875)	(2,254)
<b>Total leasehold improvements</b>	<b>1,903</b>	<b>2,524</b>
Fixtures and fittings		
At cost	721	794
Accumulated depreciation	(345)	(336)
<b>Total fixtures and fittings</b>	<b>376</b>	<b>458</b>
Computer equipment		
At cost	218	222
Accumulated depreciation	(154)	(113)
<b>Total computer equipment</b>	<b>64</b>	<b>109</b>
Right-of-use assets		
At cost	15,007	14,952
Accumulated depreciation	(8,678)	(6,573)
<b>Total right-of-use assets</b>	<b>6,329</b>	<b>8,379</b>
<b>Total property, plant and equipment</b>	<b>8,672</b>	<b>11,470</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 on acquisition.

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 6).

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 in Adelaide, Brisbane, Darwin, Hobart, Melbourne, Perth and Sydney as well as 11 motor vehicles to support ONRSR's operational activities across those locations. Office leases are non-cancellable with terms ranging up to 10 years and rent payable monthly in advance. Office accommodation lease payments are increased annually in accordance with the terms of the lease agreement and no options exist to renew the leases at the end of their term. Motor vehicle leases are non-cancellable terms ranging up to five years and rental payable monthly in advance, with lease payments fixed over the term of the lease and no options exist to renew the leases at the end of their term.

Commitments for lease payments are included at note 24.

**Impairment**

There were no indications of impairment of property, plant and equipment or right-of-use assets at 30 June 2023.

**OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR**

**16. Intangible assets**

	2023 \$'000	2022 \$'000
Computer software		
Internally developed computer software	16	2,844
Accumulated amortisation	(16)	(2,337)
	<u>-</u>	<u>507</u>
Other computer software	622	849
Accumulated amortisation	(622)	(827)
	<u>-</u>	<u>22</u>
<b>Total computer software</b>	<u>-</u>	<u>529</u>
Work in progress (intangibles):		
At cost	-	982
<b>Total work in progress (intangibles)</b>	<u>-</u>	<u>982</u>
<b>Total intangible assets</b>	<u>-</u>	<u>1,511</u>

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**

During the year ended 30 June 2023 as part of the development of a comprehensive IT and Data Strategy ONRSR determined to discontinue the further development of its core regulatory platform 'RegIS' in favour of an alternative (yet to be determined) platform, resulting in a material reduction in the expected useful life of this previously recognised asset. As a result ONRSR determined that the RegIS asset had become impaired as at 30 June 2023, with an impairment recognised equal to its remaining carrying value (including amounts classified as work in progress) as at that date.

**17. Asset movement reconciliation 2023**

	Leasehold improvements \$'000	Fixtures and fittings \$'000	Computer equipment \$'000	Intangible assets \$'000	Right-of-use assets \$'000	Total \$'000
<b>2023</b>						
Carrying amount at 30 June 2022	2,524	458	109	1,511	8,379	12,981
Additions of right-of-use assets	-	-	-	-	104	104
Disposals	-	(38)	-	(2)	-	(40)
Impairment losses	-	-	-	(1,076)	-	(1,076)
Remeasurement of leases	-	-	-	-	36	36
Depreciation/amortisation	(621)	(44)	(45)	(433)	(2,190)	(3,333)
<b>Carrying amount at 30 June 2023</b>	<u>1,903</u>	<u>376</u>	<u>64</u>	<u>-</u>	<u>6,329</u>	<u>8,672</u>

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**Liabilities**

**18. Payables**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Creditors	202	126
Accrued expenses	684	237
Employee on-costs <sup>1</sup>	169	121
Paid Parental Leave Scheme payable	7	-
FBT payable	6	5
<b>Total current payables</b>	<b>1,068</b>	<b>489</b>

<sup>1</sup> Employee on-costs include payroll tax, workers compensation levies and superannuation contributions. ONRSR makes contributions to various state government and commercial superannuation schemes, which are treated as an expense when they occur. There is no liability for payments to beneficiaries, as those obligations 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 generally settled within 30 days of an invoice being received.

**19. Financial Liabilities**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Lease liabilities	2,249	2,117
<b>Total current financial liabilities</b>	<b>2,249</b>	<b>2,117</b>
<b>Non-Current</b>		
Lease liabilities	4,778	6,925
<b>Total non-current financial liabilities</b>	<b>4,778</b>	<b>6,925</b>
<b>Total financial liabilities</b>	<b>7,027</b>	<b>9,042</b>

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**20. Employee benefits**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Accrued salaries and wages	931	953
Separation and redundancy payments	-	50
Annual Leave	1,631	2,007
Long service leave	2,243	2,417
<b>Total current employee benefits</b>	<b>4,805</b>	<b>5,427</b>
<b>Non-Current</b>		
Long service leave	728	671
<b>Total non-current employee benefits</b>	<b>728</b>	<b>671</b>
<b>Total Employee benefits</b>	<b>5,533</b>	<b>6,098</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, 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 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 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.

**21. Provisions**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Non-current</b>		
Make Good	1,219	1,219
<b>Total provisions</b>	<b>1,219</b>	<b>1,219</b>

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.

**22. Other liabilities**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Unearned revenue	-	1
<b>Total other liabilities</b>	<b>-</b>	<b>1</b>

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### 23. Unrecognised contractual commitments

#### Capital commitments

	2023	2022
	\$'000	\$'000
Within one year	-	32
Later than one year but no longer than five years	-	-
<b>Total capital commitments</b>	<b>-</b>	<b>32</b>

#### Expenditure commitments - Other

	2023	2022
	\$'000	\$'000
Within one year	120	932
Later than one year but no longer than five years	13	14
<b>Total other commitments</b>	<b>133</b>	<b>946</b>

Amounts disclosed include commitments arising from IT maintenance contracts and contractors as well as short-term and low value leases not recognised in accordance with AASB 16 *Leases*.

#### Future lease payments commitments

	2023	2022
	\$'000	\$'000
Within one year	2,346	2,246
Later than one year but no longer than five years	4,874	7,111
<b>Total other commitments</b>	<b>7,220</b>	<b>9,357</b>

Future lease payments commitments relate to lease liabilities recognised in accordance with AASB 16 *Leases* and do not include short-term and low value leases.

### 24. Contingent assets and liabilities

The Regulator commenced four prosecutions prior to 30 June 2023 in accordance with section 220 of the Law which had not been ultimately determined as at that date. If the Regulator is successful in these matters, ONRSR will be entitled to seek an order for up to one half of any fines imposed by the Courts as a penalty against the defendants, and ONRSR will also seek an order for its external legal costs. If the Regulator is unsuccessful, costs may be awarded against ONRSR.

The Regulator was also the subject of two Supreme Court Judicial Review Applications that were not ultimately determined as at 30 June 2023. Accordingly, ONRSR may be liable for the costs of defending these Applications.

### 25. Events after the reporting period

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to significantly affect the operations of ONRSR, the results of those operations, or the state of affairs of ONRSR, in subsequent financial years.

### 26. 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. For the year ended 30 June 2023 the total number of key management personnel was 10 (2022: 8), who were collectively awarded total compensation of \$2.637 million (2022: \$1.964 million).

#### Transactions with key management personnel

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

### 27. 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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**28. Financial instruments**

**Categorisation of financial instruments**

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

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets:</b>		
<b>Financial assets</b>		
Cash and cash equivalents	13,051	10,153
Term deposits	10,000	14,000
<b>Financial assets at amortised cost</b>		
Receivables	258	65
<b>Total financial assets</b>	<b>23,309</b>	<b>24,218</b>
<b>Financial liabilities:</b>		
<b>Financial liabilities at amortised cost</b>		
Payables	828	307
Lease liabilities	7,027	9,042
<b>Total financial liabilities</b>	<b>7,855</b>	<b>9,349</b>
<b>Net gain or loss on financial assets:</b>		
<b>Cash and cash equivalents</b>		
Interest on cash and cash equivalents	455	41
<b>Financial assets</b>		
Interest on term deposits	397	75
<b>Net gain on financial assets</b>	<b>852</b>	<b>116</b>
<b>Net gain or loss on financial liabilities:</b>		
<b>Lease Liabilities</b>		
Interest expense on lease liabilities	(132)	(169)
<b>Net (loss) on financial liabilities</b>	<b>(132)</b>	<b>(169)</b>

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 13 receivables in accordance with paragraph 78 (b) of AASB 101 *Presentation of Financial Statements*. Prepayments are not financial assets as defined in AASB 132 *Financial Instruments: Presentation* 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.