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To the 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 2025.

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 2025, 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 Disclosures.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2025
- a Statement of Financial Position as at 30 June 2025
- a Statement of Changes in Equity for the year ended 30 June 2025
- a Statement of Cash Flows for the year ended 30 June 2025
- notes, comprising material accounting policy information and other explanatory information
- a Certificate from the 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 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 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 Disclosures 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.

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. 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 7B(1) of the Regulations 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 2025.

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.



Daniel O'Donohue
Deputy Auditor-General

28 August 2025

OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR

CERTIFICATION OF THE 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 2025 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 Services

21 / 8 / 2025

21 / 8 / 2025

OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2025

		2025	2024
	Note	\$'000	\$'000
Income:			
Revenues from fees and charges	4	46,386	40,547
Interest revenues	5	1,511	1,305
Other income	6	1,575	1,357
Total income		49,472	43,209
Expenses:			
Employee related expenses	7	33,491	30,502
Supplies and services	8	10,760	10,678
Depreciation and amortisation	9	3,078	2,901
Finance costs	10	371	106
Other expenses	11	46	4
Total expenses		47,746	44,191
Net result		1,726	(982)
Total comprehensive result		1,726	(982)

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 2025

		2025	2024
	Note	\$'000	\$'000
Current assets:			
Cash and cash equivalents	12	17,300	13,625
Receivables	13	995	1,693
Other financial assets	14	8,000	10,000
Total current assets		26,295	25,318
Non-current assets:			
Property, plant and equipment	15	10,385	6,386
Total non-current assets		10,385	6,386
Total assets		36,680	31,704
Current liabilities:			
Payables	17	855	1,270
Other financial liabilities	18	2,177	2,364
Employee related liabilities	19	5,289	4,806
Provisions	20	-	530
Other liabilities	21	-	1,253
Total current liabilities		8,321	10,223
Non-current liabilities:			
Other financial liabilities	18	7,345	2,554
Employee related liabilities	19	918	864
Provisions	20	1,419	1,112
Total non-current liabilities		9,682	4,530
Total liabilities		18,003	14,753
Net assets		18,677	16,951
Equity:			
Retained earnings		18,677	16,951
Total equity		18,677	16,951

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 2025

	Retained earnings	Total equity
	\$'000	\$'000
Balance as at 30 June 2023	17,933	17,933
Net result	(982)	(982)
Balance as at 30 June 2024	16,951	16,951
Net result	1,726	1,726
Balance as at 30 June 2025	18,677	18,677

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 2025

		2025	2024
	Note	\$'000	\$'000
<u>Cash flows from operating activities:</u>			
<u>Cash inflows</u>			
Fees and charges received		46,412	40,522
Interest received		1,577	1,297
Grants received		-	1,281
GST recovered from the ATO		1,318	1,183
Other receipts		427	1,045
<u>Cash outflows</u>			
Employee related payments		(32,703)	(30,208)
Payments for supplies and services		(12,094)	(12,062)
Interest paid on finance costs		(371)	(106)
Net cash from operating activities		4,566	2,952
<u>Cash flows from investing activities:</u>			
<u>Cash inflows</u>			
Proceeds from sale of financial instruments		2,000	-
<u>Cash outflows</u>			
Purchase of property, plant and equipment		(481)	(14)
Net cash from/(used in) investing activities		1,519	(14)
<u>Cash flows from financing activities:</u>			
<u>Cash outflows</u>			
Repayment of principal portion of lease liabilities		(2,410)	(2,364)
Net cash (used in) financing activities		(2,410)	(2,364)
Net increase in cash and cash equivalents		3,675	574
Cash and cash equivalents at 1 July		13,625	13,051
Cash and cash equivalents at 30 June	12	17,300	13,625

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

The principal objective of ONRSR is to enhance rail safety for the Australian community through targeted, risk-based regulation and by sharing insights and information arising from its work. 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.

2. Material accounting policy information

(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.

ONRSR does not control any other entity and has no interest in unconsolidated structured entities. The financial statements and accompanying notes include all the activities of ONRSR.

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 specifically 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 2025. 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.

4. **Revenue from fees and charges**

	2025	2024
	\$'000	\$'000
Revenue from accreditations	60	77
Revenue from major projects	2,504	1,814
Revenue from annual fees from industry and government	43,822	38,656
Total revenue from fees and charges	46,386	40,547

Revenues from fees and charges are derived from the annual fees and other fees and charges payable by industry and state governments, and are recognised as income in the reporting period when revenues are due in accordance with AASB 1058 *Income of Not-for-Profit Entities* .

5. **Interest revenues**

	2025	2024
	\$'000	\$'000
Interest received	1,511	1,305
Total interest revenues	1,511	1,305

Interest is recognised using the effective interest rate method.

OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR

6. Other income

	2025 \$'000	2024 \$'000
Penalties received ¹	2	864
Sale of assets	-	5
Reimbursement of legal costs ¹	8	363
Reimbursement of other costs	53	96
Grants received ²	1,253	29
Gain on release from make good obligation ³	259	-
Total other income	1,575	1,357

¹ Penalties received and reimbursement of legal costs are awarded to ONRSR by the Courts through prosecutions by the Regulator in accordance with section 220 of *the Law* .

² Grant income relates to the Commonwealth-sourced grant for the Level Crossing Safety Data Improvement Project led by ONRSR on behalf of the National Level Crossing Committee. Funding for this project was received in full in the year ending 30 June 2024, at which point the revenue was recognised over time as ONRSR completed the project in accordance with AASB 15 *Contracts with Customers* . During the reporting period, the grant was subject to a variation, which resulted in ownership of the project outcome remaining with ONRSR rather than transferring to another entity. When the variation became effective, all remaining grant income was recognised in full in accordance with AASB 1058 *Income of Not-for-Profit Entities* .

³ During the reporting period, ONRSR renewed its lease arrangements for its Adelaide office premises, releasing it from the 'make good' obligations of the expiring lease. As a result, the Make Good provision for the Adelaide lease was reduced to nil. Where the provision exceeded the carrying value of the leasehold improvement asset, the excess was recognised in profit and loss.

7. Employee related expenses

	2025 \$'000	2024 \$'000
Salaries and wages	25,691	23,387
Annual leave	2,175	2,024
Long service leave	675	607
Superannuation ¹	3,174	2,765
Workers compensation	242	201
Other employee related expenses	1,534	1,518
Total employee related expenses	33,491	30,502

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

Accounting policies for employee related expenses are contained in note 19.

OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR

8. Supplies and services

	2025	2024
	\$'000	\$'000
Consultants and contractor fees	2,750	2,049
Information Technology	3,617	4,573
Insurance	540	552
Legal costs ¹	525	509
Property	791	766
Training and development	356	256
Travelling expenses	1,401	1,116
Drug and alcohol testing	174	237
Other ²	606	620
Total supplies and services	10,760	10,678

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

² Other expenses include audit fees paid / payable to the Audit Office of South Australia (AOSA) relating to work performed under the *Public Finance and Audit Act 1987* of \$54,400 (2024: \$53,300). During the year no other services were provided by AOSA to ONRSR.

9. Depreciation and amortisation

	2025	2024
	\$'000	\$'000
Fixtures and fittings	36	35
IT equipment	19	42
Leasehold improvements	857	621
Right-of-use assets	2,166	2,203
Total depreciation and amortisation	3,078	2,901

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 for all classes of assets, other than for fixtures and fittings which is calculated using the diminishing value method. The estimated useful life of each class of assets is as follows:

Class of asset	Useful life (years)
Fixtures and fittings	20
IT equipment	2 - 10
Leasehold improvements	Life of Lease
Right-of-use assets	Life of Lease

OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR

10. Finance costs

	2025 \$'000	2024 \$'000
Interest expense on lease liabilities	371	106
Total finance costs	371	106

11. Other expenses

	2025 \$'000	2024 \$'000
Net loss on disposal of property, plant and equipment	46	4
Total other expenses	46	4

12. Cash and cash equivalents

	2025 \$'000	2024 \$'000
Cash at bank	17,300	13,625
Total cash and cash equivalents	17,300	13,625

Cash at bank is available on demand and recognised at its nominal amount.

13. Receivables

	2025 \$'000	2024 \$'000
Current		
Contractual receivables	2	31
Prepayments	592	858
Accrued interest	173	238
Accrued revenue	71	434
Security deposit	5	5
Statutory receivables	152	127
Total current receivables	995	1,693

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, noting that invoices for annual fees issued to industry are due for payment by 31 October in each year as prescribed by *the Law*.

Further information relating to the measurement basis for financial assets is contained in note 27.

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.

As at 30 June 2025 all accounts receivable are assessed as collectable, and no impairment loss allowance has been recognised (2024: no impairment loss allowance recognised).

14. Other financial assets

	2025 \$'000	2024 \$'000
Current		
Terms deposits - amortised cost	8,000	10,000
Total current other financial assets	8,000	10,000

Term deposits carry a fixed interest rate of 4.97%, with an original maturity date of between approximately 8 and 12 months, and mature within approximately 3 to 7 months of balance date. Term deposit investments are those with original maturities beyond those which are considered short-term (assessed as 3 months or less from the date of acquisition) and, other than at original maturity, are not considered readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value due to requirements relating to notice periods and interest penalties imposed by the issuing institution.

OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR

15. Property, plant and equipment

	2025 \$'000	2024 \$'000
Leasehold improvements		
At cost	5,379	5,466
Accumulated depreciation	(4,274)	(3,676)
Total leasehold improvements	1,105	1,790
Fixtures and fittings		
At cost	619	732
Accumulated depreciation	(337)	(372)
Total fixtures and fittings	282	360
IT equipment		
At cost	462	218
Accumulated depreciation	(155)	(196)
Total computer equipment	307	22
Right-of-use assets		
At cost	21,379	14,847
Accumulated depreciation	(12,688)	(10,633)
Total right-of-use assets	8,691	4,214
Total property, plant and equipment	10,385	6,386

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. The increase in right-of-use assets recorded during the reporting period primarily reflects the renewal of leasing arrangements for ONRSR's office premises in Adelaide and Perth.

ONRSR's leases are for office accommodation in Adelaide, Brisbane, Darwin, Hobart, Melbourne, Perth and Sydney as well as 12 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 5 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.

Impairment

There were no indications of impairment of property, plant and equipment or right-of-use assets at 30 June 2025.

OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR

16. Asset movement reconciliation

	Leasehold improvements	Fixtures and fittings	IT equipment	Right-of -use assets	Total
2025	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2024	1,790	360	22	4,214	6,386
Acquisitions	136	-	307	137	580
Disposals	-	(43)	(3)	-	(46)
Remeasurement	135	-	-	6,506	6,641
Depreciation	(858)	(35)	(19)	(2,166)	(3,078)
Other changes ¹	(98)	-	-	-	(98)
Carrying amount at 30 June 2025	1,105	282	307	8,691	10,385

¹ Other changes reflect ONRSR being released during the reporting period from its previous obligation to restore ('make good') its leased Adelaide office premises, as detailed in note 6.

17. Payables

	2025 \$'000	2024 \$'000
Current		
Contractual payables	134	351
Accrued expenses	582	776
Employee on-costs ¹	130	135
Statutory payables	9	8
Total current payables	855	1,270

¹ 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.

OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR

18. Other Financial Liabilities

	2025 \$'000	2024 \$'000
Current		
Lease liabilities	2,177	2,364
Total current other financial liabilities	2,177	2,364
Non-current		
Lease liabilities	7,345	2,554
Total non-current other financial liabilities	7,345	2,554
Total other financial liabilities	9,522	4,918

Lease liabilities represent the present value of future lease payments measured in accordance with AASB 16 *Leases*, using the discount rate implicit in the lease. The increase in lease liabilities recorded during the reporting period primarily reflects the renewal of leasing arrangements for ONRSR's office premises in Adelaide and Perth.

A maturity analysis of lease liabilities based on undiscounted gross cash flows is provided in the table below.

	2025 \$'000	2024 \$'000
Maturity analysis - lease liabilities undiscounted cash flows		
Not later than one year	2,619	2,430
Later than one year but not later than five years	5,365	2,595
Later than five years	3,468	-
Total	11,452	5,025

19. Employee related liabilities

	2025 \$'000	2024 \$'000
Current		
Accrued salaries and wages	1,099	1,016
Annual leave	1,729	1,581
Long service leave	2,461	2,209
Total current employee related liabilities	5,289	4,806
Non-current		
Long service leave	918	864
Total non-current employee related liabilities	918	864
Total employee related liabilities	6,207	5,670

Employee related liabilities 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 employee related 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 employee related 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 related liabilities 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.

OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR

20. Provisions

	2025 \$'000	2024 \$'000
Make Good		
Carrying amount at the beginning of the period	1,642	1,219
Remeasurement of continuing obligations ¹	135	423
Release from previously recognised obligation ²	(358)	-
Carrying amount at the end of the period	1,419	1,642

Classified as:

Current

Make Good	-	530
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Total current provisions

Non-current

Make Good	1,419	1,112
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Total non-current provisions

Total provisions	1,419	1,642
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Agreements for the leasing of premises contain provisions which obligate ONRSR to restore those premises to their original condition at the conclusion of the lease. ONRSR has made a Make Good provision to reflect the present value of the obligation to fulfil this future liability in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*, with the reported value taking into account expected increases in restoration cost with reference to the 5-year average annual change in the building price index for the relevant capital city, discounting to present value using the relevant Commonwealth bond rate which aligns with the timing of the make good obligation.

¹ Remeasurement of the Make Good provision during the reporting period represents unwinding of the discount, changes to the building price indices and discount rates applied, and any relevant changes to the terms of the underlying leases.

² During the reporting period ONRSR was released from its previous obligation to restore its leased Adelaide office premises as detailed in note 6, resulting in derecognition of the corresponding previously recognised component of the Make Good provision.

21. Other liabilities

	2025 \$'000	2024 \$'000
Current		
Contract liability	-	1,253
Total other liabilities	-	1,253

Contract liability relates to a Commonwealth-sourced grant for the Level Crossing Safety Data Improvement Project. Due to a variation to the grant funding agreement, during the reporting period all previously unrecognised grant funding was recognised as income as detailed in note 6.

22. Unrecognised contractual commitments

Expenditure commitments - non-capital

	2025 \$'000	2024 \$'000
Within one year	802	1,133
Later than one year but no longer than five years	467	106
Total other commitments	1,269	1,239

Amounts disclosed include commitments arising from IT and telephony licensing, maintenance and services agreements, other service providers and short-term and low value leases not recognised in accordance with AASB 16 *Leases*.

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23. Contingent assets and liabilities

The Regulator commenced two prosecutions prior to 30 June 2025 in accordance with section 220 of *the Law* that were not ultimately determined at balance date. These involved:

- One charge under section 58 of *the Law* , for which the maximum penalty is \$3,000,000.
- Two charges under section 60 of *the Law* , for which the maximum penalty is \$500,000 in each instance.

In previous cases resulting in convictions and the imposition of penalties, the penalty imposed is often substantially below the maximum penalty specified under the relevant section of *the Law* .

If the Regulator is successful in these matters, ONRSR may seek an order for up to one half of any fines imposed by the Courts as a penalty against the defendants, with ONRSR also having the opportunity to seek an order for its external legal costs. If the Regulator is unsuccessful, costs may be awarded against ONRSR.

In addition to these two prosecutions, during the reporting period the Regulator commenced a prosecution which was subsequently withdrawn. As at 30 June 2025 there is a prospect that costs may be awarded against ONRSR in relation to this matter. ONRSR has elected not to provide an estimate of such costs on the basis that such disclosure could be prejudicial to the outcome of this matter.

24. 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.

25. 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, including personnel acting in those roles on a temporary basis. For the year ended 30 June 2025 the total number of key management personnel was 9 (2024: 9), who were collectively awarded total compensation of \$1.806 million (2024: \$2.037 million).

Transactions with key management personnel

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

26. 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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27. Financial instruments

Categorisation of financial instruments

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

	2025 \$'000	2024 \$'000
<u>Financial assets:</u>		
Financial assets		
Cash and cash equivalents	17,300	13,625
Financial assets at amortised cost		
Term deposits	8,000	10,000
Receivables	246	708
Total financial assets	25,546	24,333
<u>Financial liabilities:</u>		
Financial liabilities at amortised cost		
Payables	662	1,074
Lease liabilities	9,522	4,918
Total financial liabilities	10,184	5,992
<u>Net gain or loss on financial assets:</u>		
Cash and cash equivalents		
Interest on cash and cash equivalents	893	837
Financial assets		
Interest on term deposits	618	468
Net gain on financial assets	1,511	1,305
<u>Net gain or loss on financial liabilities:</u>		
Lease Liabilities		
Interest expense on lease liabilities	(371)	(106)
Net (loss) on financial liabilities	(371)	(106)

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.