



Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000

Tel +618 8226 9640
Fax +618 8226 9688

ABN 53 327 061 410

audgensa@audit.sa.gov.au
www.audit.sa.gov.au

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

Opinion

I have audited the financial report of the Office of the National Rail Safety Regulator for the financial year ended 30 June 2022.

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 2022, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987*, the *Rail Safety National Law (South Australia) Act 2012* and Australian Accounting Standards.

The consolidated financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2022
- a Statement of Financial Position as at 30 June 2022
- a Statement of Changes in Equity for the year ended 30 June 2022
- a Statement of Cash Flows for the year ended 30 June 2022
- notes, comprising material accounting policies and other explanatory information
- a Certificate from the Chief Executive and Executive Director, Corporate.

Basis for opinion

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

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

Responsibilities of the Chief Executive for the financial report

The Chief Executive is responsible for the preparation of the financial report that gives a true and fair view in accordance with 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.

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 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 2022.

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 ONRSR'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 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)

02 September 2022

OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR

CERTIFICATION OF FINANCIAL STATEMENTS

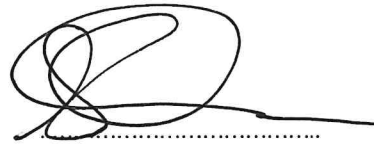
We certify that the attached financial statements for the Office of the National Rail Safety Regulator:

- comply with Section 263 of the *Rail Safety National Law (South Australia) Act 2012* and Regulation 48 of *Rail Safety National Law National Regulations 2012*, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the Office of the National Rail Safety Regulator; and
- present a true and fair view of the financial position of the Office of the National Rail Safety Regulator as at 30 June 2022 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

30 / 8 / 2022

30 / 08 / 2022

OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2022

		2022	2021
	Note	\$'000	\$'000
Income:			
Revenues from fees and charges	5	38,076	39,713
Other income	6	120	209
Total income		38,196	39,922
Expenses:			
Employee benefits expenses	7	28,820	27,727
Supplies and services	8	8,492	6,208
Depreciation and amortisation	9	3,461	3,552
Finance costs	10	169	174
Other expenses	11	25	208
Total expenses		40,967	37,869
Net result		(2,771)	2,053
Total comprehensive result		(2,771)	2,053

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 2022

	Note	2022 \$'000	2021 \$'000
Current assets:			
Cash and cash equivalents	12	10,153	17,920
Receivables	13	814	693
Financial assets	14	14,000	8,000
Total current assets		24,967	26,613
Non-current assets:			
Receivables	13	3	9
Property, plant and equipment	15	11,470	14,579
Intangible assets	16	1,511	1,081
Total non-current assets		12,984	15,669
Total assets		37,951	42,282
Current liabilities:			
Payables	18	489	478
Financial liabilities	19	2,117	2,038
Employee benefits	20	5,427	4,700
Other liabilities	22	1	-
Total current liabilities		8,034	7,216
Non-current liabilities:			
Financial liabilities	19	6,925	9,235
Employee benefits	20	671	739
Provisions	21	1,219	1,219
Total non-current liabilities		8,815	11,193
Total liabilities		16,849	18,409
Net assets		21,102	23,873
Equity:			
Retained earnings		20,945	23,716
Reserves		157	157
Total equity		21,102	23,873

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 2022

	Note	2022 \$'000	2021 \$'000
Retained earnings:			
Opening balance			
Balance carried forward from previous period		23,716	21,663
Adjusted opening balance		23,716	21,663
Comprehensive income			
Net result		(2,771)	2,053
Total retained earnings		20,945	23,716
Asset revaluation reserve:			
Opening balance			
Balance carried forward from previous period		157	157
Adjusted opening balance		157	157
Comprehensive income			
Revaluation of property, plant and equipment		-	-
Total asset revaluation reserve		157	157
Total equity:			
Opening balance			
Balance carried forward from previous period		23,873	21,820
Adjusted opening balance		23,873	21,820
Comprehensive income			
Net result		(2,771)	2,053
Movement in reserves		-	-
Total equity		21,102	23,873

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 2022

	Note	2022 \$'000	2021 \$'000
Cash flows from operating activities:			
Cash outflows			
Employee benefit payments		(28,143)	(26,944)
Payments for supplies and services		(9,686)	(7,148)
Interest paid on finance costs		(169)	(174)
Cash used in operations		(37,998)	(34,266)
Cash inflows			
Fees and charges received		38,082	39,773
Interest received		65	167
GST recovered from the ATO		1,078	833
Other receipts received		88	88
Cash generated from operations		39,313	40,861
Net cash provided by operating activities		1,315	6,595
Cash flows from investing activities:			
Cash outflows			
Purchase of financial instruments		(6,000)	-
Purchase of property, plant and equipment		-	(42)
Purchases of intangibles		(1,026)	(147)
Cash used in investing activities		(7,026)	(189)
Cash flows from financing activities:			
Cash outflows			
Repayment of lease liability		(2,056)	(1,924)
Cash used in financing activities		(2,056)	(1,924)
Net (decrease)/increase in cash and cash equivalents		(7,767)	4,482
Cash and cash equivalents at 1 July		17,920	13,438
Cash and cash equivalents at 30 June	12	10,153	17,920

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

OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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

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

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

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

2. Significant accounting policies

(a) Statement of compliance

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

The financial statements are general purpose financial statements.

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

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

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

(b) Basis of preparation

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

(c) Comparative information

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

(d) Rounding

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

(e) Taxation

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

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

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

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

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 2022. ONRSR has assessed the impact of the new or changed Australian Accounting Standards and interpretations not yet implemented and have determined they will not have any material effect on ONRSR's financial statements.

4. Impact of COVID-19 pandemic

The COVID-19 pandemic has impacted on the operations of ONRSR. The most significant impact being an underspend on supplies and services as a result of restriction on movements imposed by State Governments and Territories. Identified savings of \$1.4m (2021: \$2.3m) as a result of the COVID-19 pandemic have been offset against the cost of regulation through the application of the fee regulation for the year ending 30 June 2023. It is not anticipated any further savings will be identified as a result of the COVID-19 pandemic.

Income

5. Revenue from fees and charges

	2022	2021
	\$'000	\$'000
Revenue from accreditations	74	131
Revenue from major projects	1,567	1,404
Revenue from annual fees from industry and government	36,435	38,178
Total revenue from fees and charges	38,076	39,713

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.

6. Other income

	2022	2021
	\$'000	\$'000
Interest received	116	166
Gain on derecognition of financial liabilities	-	1
Other	4	42
Total other income	120	209

Interest is recognised using the effective interest rate method.

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

OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR

Expenses

7. Employee benefits expenses

	2022	2021
	\$'000	\$'000
Salaries and wages	22,408	21,602
Annual leave	1,913	1,896
Long service leave	525	600
Separation and redundancy payments	50	-
Employment on-costs - superannuation ¹	2,419	2,182
Employment on-costs - other	1,358	1,285
Workers compensation	147	162
Total employee benefits expenses	28,820	27,727

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

Accounting policies for employee related expenses is contained in note 20.

8. Supplies and services

	2022	2021
	\$'000	\$'000
Consultants	682	549
Contractors fees	544	682
Information technology	2,478	1,849
Insurance	478	420
Legal costs ¹	1,427	199
Property	686	722
Short-term leases ²	27	59
Training and development	324	359
Recruitment	315	65
Travelling expenses	778	615
Other	753	689
Total supplies and services	8,492	6,208

¹Legal costs have increased following the Regulator commencing prosecution proceedings in relation to two separate occurrences in accordance with section 220 of the Law.

²ONRSR 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.

OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR

9. Depreciation and amortisation

	2022	2021
	\$'000	\$'000
Fixtures and fittings	52	62
Computer equipment	56	78
Computer software	552	511
Leasehold improvements	621	621
Right-of-use assets	2,180	2,280
Total depreciation and amortisation	3,461	3,552

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

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

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

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

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

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

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

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

10. Finance costs

	2022	2021
	\$'000	\$'000
Interest expense on lease liabilities	169	174
Total finance costs	169	174

11. Other expenses

	2022	2021
	\$'000	\$'000
Property, plant and equipment write-off	25	208
Total other expenses	25	208

OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR

Assets

12. Cash and cash equivalents

	2022	2021
	\$'000	\$'000
Cash at bank	10,153	17,920
Total cash and cash equivalents	10,153	17,920

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

	2022	2021
	\$'000	\$'000
Current		
Account receivables	7	14
Prepayments	637	581
Accrued interest	53	1
Security deposit	5	5
GST input tax receivable	112	92
Total current receivables	814	693
Non-current		
Prepayments	3	9
Total non-current receivables	3	9
Total receivables	817	702

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.

14. Financial assets

	2022	2021
	\$'000	\$'000
Terms deposits - current	14,000	8,000
Total financial assets	14,000	8,000

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

OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR

15. Property, plant and equipment

	2022 \$'000	2021 \$'000
Leasehold improvements		
At cost	4,778	4,778
Accumulated depreciation	(2,254)	(1,633)
Total leasehold improvements	2,524	3,145
Fixtures and fittings		
At cost	794	818
Accumulated depreciation	(336)	(295)
Total fixtures and fittings	458	523
Computer equipment		
At cost	222	322
Accumulated depreciation	(113)	(144)
Total computer equipment	109	178
Right-of-use assets		
At cost	14,952	15,152
Accumulated depreciation	(6,573)	(4,419)
Total right-of-use assets	8,379	10,733
Total property, plant and equipment	11,470	14,579

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

Impairment

There were no indications of impairment of property, plant and equipment or right-of-use assets at 30 June 2022.

OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR

16. Intangible assets

	2022	2021
	\$'000	\$'000
Computer software		
Internally developed computer software	2,844	2,823
Accumulated amortisation	(2,337)	(1,815)
	507	1,008
Other computer software	849	921
Accumulated amortisation	(827)	(869)
	22	52
Total computer software	529	1,060
Work in progress (intangibles):		
At cost	982	21
Total work in progress (intangibles)	982	21
Total intangible assets	1,511	1,081

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

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

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

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

Impairment

There were no indications of impairment of intangibles at 30 June 2022.

17. Asset movement reconciliation 2022

	Leasehold improvements	Fixtures and fittings	Computer equipment	Intangible assets	Right-of-use assets	Total
2022	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2021	3,145	523	178	1,081	10,733	15,660
Additions at cost	-	-	-	21	-	21
Additions work in progress	-	-	-	982	-	982
Additions of right-of-use assets	-	-	-	-	206	206
Reclassification of prior year WIP	-	-	-	(21)	-	(21)
Disposals	-	(13)	(13)	-	-	(26)
Lease modification	-	-	-	-	(199)	(199)
Remeasurement of leases	-	-	-	-	(181)	(181)
Depreciation/amortisation	(621)	(52)	(56)	(552)	(2,180)	(3,461)
Carrying amount at 30 June 2022	2,524	458	109	1,511	8,379	12,981

OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR

Liabilities

18. Payables

	2022	2021
	\$'000	\$'000
Current		
Creditors	126	114
Accrued expenses	237	203
Employee on-costs ¹	121	143
Paid Parental Leave Scheme payable	-	8
FBT payable	5	10
Total current payables	489	478

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

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

19. Financial Liabilities

	2022	2021
	\$'000	\$'000
Current		
Lease liabilities	2,117	2,038
Total current financial liabilities	2,117	2,038
Non-Current		
Lease liabilities	6,925	9,235
Total non-current financial liabilities	6,925	9,235
Total financial liabilities	9,042	11,273

OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR

20. Employee benefits

	2022	2021
	\$'000	\$'000
Current		
Accrued salaries and wages	953	721
Separation and redundancy payments	50	-
Annual Leave	2,007	1,904
Long service leave	2,417	2,075
Total current employee benefits	5,427	4,700
Non-Current		
Long service leave	671	739
Total non-current employee benefits	671	739
Total Employee benefits	6,098	5,439

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

	2022	2021
	\$'000	\$'000
Non-current		
Make Good	1,219	1,219
Total provisions	1,219	1,219

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

22. Other liabilities

	2022	2021
	\$'000	\$'000
Current		
Unearned revenue	1	-
Total other liabilities	1	-

OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR

23. Unrecognised contractual commitments

Capital commitments

	2022	2021
	\$'000	\$'000
Within one year	32	57
Later than one year but no longer than five years	-	-
Total capital commitments	32	57

Expenditure commitments - Other

	2022	2021
	\$'000	\$'000
Within one year	932	1,056
Later than one year but no longer than five years	14	408
Total other commitments	946	1,464

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

24. Contingent assets and liabilities

The Regulator has commenced prosecutions in accordance with section 220 of the Law in the Magistrates Court of Western Australia and the Magistrates Court of Victoria in relation to two separate occurrences resulting in fatalities of rail safety workers from 2019 and 2020 respectively. If the Regulator is successful in either one or both matters, ONRSR will be entitled to seek an order for 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.

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. Total compensation for the ONRSR's key management personnel was \$1.964 million (2021: \$1.915 million). The total number of key management personnel is 8 (2021: 7).

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.

OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR

27. Financial instruments

Categorisation of financial instruments

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

	2022 \$'000	2021 \$'000
Financial assets:		
Financial assets		
Cash and cash equivalents	10,153	17,920
Term deposits	14,000	8,000
Financial assets at amortised cost		
Receivables	65	20
Total financial assets	24,218	25,940
Financial liabilities:		
Financial liabilities at amortised cost		
Payables	307	262
Lease liabilities	9,042	11,273
Total financial liabilities	9,349	11,535
Net gain or loss on financial assets:		
Cash and cash equivalents		
Interest on cash and cash equivalents	41	61
Financial assets		
Interest on term deposits	75	105
Net gain (loss) on financial assets	116	166
Net gain or loss on financial liabilities:		
Lease Liabilities		
Interest expense on lease liabilities	(169)	(174)
Payables		
Gain on derecognition of financial liabilities	-	1
Net gain (loss) on financial assets	(169)	(173)

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. 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.