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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 2026.

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 2026, 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 2026
- a Statement of Financial Position as at 30 June 2026
- a Statement of Changes in Equity for the year ended 30 June 2026
- a Statement of Cash Flows for the year ended 30 June 2026
- 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 the relevant 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 regulation 7B(1) of the Rail Safety National Law Regulations 2012, I have audited the financial report of the Office of the National Rail Safety Regulator for the financial year ended 30 June 2026.

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.

A handwritten signature in black ink, appearing to read 'D. O'Donohue', followed by a long horizontal flourish.

Daniel O'Donohue
Deputy Auditor-General

4 September 2026

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 2026 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.



.....
Dr Natalie E. Pelham
Chief Executive



.....
Sasha Viergever
Executive Director - Corporate Services

OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2026

		2026	2025
	Note	\$'000	\$'000
Income:			
Revenues from fees and charges	4	46,970	46,386
Interest revenues	5	1,486	1,511
Other income	6	677	1,575
Total income		49,133	49,472
Expenses:			
Employee related expenses	7	35,039	33,491
Supplies and services	8	10,768	10,760
Depreciation	9	2,908	3,078
Finance costs	10	461	371
Other expenses	11	12	46
Total expenses		49,188	47,746
Net result		(55)	1,726
Total comprehensive result		(55)	1,726

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 2026

		2026	2025
	Note	\$'000	\$'000
Current assets:			
Cash and cash equivalents	12	14,010	17,300
Receivables	13	1,802	995
Other financial assets	14	10,000	8,000
Total current assets		25,812	26,295
Non-current assets:			
Property, plant and equipment	15	10,539	10,385
Total non-current assets		10,539	10,385
Total assets		36,351	36,680
Current liabilities:			
Payables	17	1,439	855
Other financial liabilities	18	1,956	2,177
Employee related liabilities	19	4,326	5,289
Provisions	20	824	-
Total current liabilities		8,545	8,321
Non-current liabilities:			
Other financial liabilities	18	8,121	7,345
Employee related liabilities	19	811	918
Provisions	20	252	1,419
Total non-current liabilities		9,184	9,682
Total liabilities		17,729	18,003
Net assets		18,622	18,677
Equity:			
Retained earnings		18,622	18,677
Total equity		18,622	18,677

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 2026

	Retained earnings	Total equity
	\$'000	\$'000
Balance at 30 June 2024	16,951	16,951
Net result	1,726	1,726
Balance at 30 June 2025	18,677	18,677
Net result	(55)	(55)
Balance at 30 June 2026	18,622	18,622

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 2026

		2026	2025
	Note	\$'000	\$'000
<u>Cash flows from operating activities:</u>			
<u>Cash inflows</u>			
Fees and charges received		46,951	46,412
Interest received		1,404	1,577
GST recovered from the ATO		1,361	1,318
Other receipts		390	427
<u>Cash outflows</u>			
Employee related payments		(35,709)	(32,703)
Payments for supplies and services		(12,247)	(12,094)
Interest paid on finance costs		(461)	(371)
Net cash from operating activities		1,689	4,566
<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		(322)	(481)
Purchase of financial instruments		(2,000)	-
Net cash from/(used in) investing activities		(2,322)	1,519
<u>Cash flows from financing activities:</u>			
<u>Cash outflows</u>			
Repayment of principal portion of lease liabilities		(2,657)	(2,410)
Net cash (used in) financing activities		(2,657)	(2,410)
Net increase/(decrease) in cash and cash equivalents		(3,290)	3,675
Cash and cash equivalents at the beginning of the period		17,300	13,625
Cash and cash equivalents at the end of the period	12	14,010	17,300

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 2026. 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

	2026	2025
	\$'000	\$'000
Revenue from accreditations	87	60
Revenue from major projects	2,261	2,504
Revenue from annual fees from industry and government	44,622	43,822
Total revenue from fees and charges	46,970	46,386

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

	2026	2025
	\$'000	\$'000
Interest received	1,486	1,511
Total interest revenues	1,486	1,511

Interest is recognised using the effective interest rate method.

OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR

6. Other income

	2026	2025
	\$'000	\$'000
Penalties received	-	2
Sale of assets	26	-
Reimbursement of legal costs	-	8
Reimbursement of other costs ¹	310	53
Grants received ²	-	1,253
Gain on release from make good obligation ³	341	259
Total other income	677	1,575

¹ Other costs consist of reimbursements for workers' compensation income support payments and insurance proceeds received in relation to property-related costs incurred by ONRSR.

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, which concluded on 30 June 2026. During the year ending 30 June 2025 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* notwithstanding that delivery of activities under the grant continued throughout the year ending 30 June 2026.

³ During the reporting period, ONRSR renewed its lease arrangements for its Melbourne office premises, releasing it from the 'make good' obligations of the expiring lease. As a result, the Make Good provision for the Melbourne 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

	2026	2025
	\$'000	\$'000
Salaries and wages	26,993	25,691
Annual leave	2,023	2,175
Long service leave	359	675
Superannuation ¹	3,441	3,174
Workers compensation	300	242
Other employee related expenses	1,923	1,534
Total employee related expenses	35,039	33,491

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

	2026	2025
	\$'000	\$'000
Consultants and contractor fees	2,895	2,750
Information Technology	2,831	3,617
Insurance	464	540
Legal costs ¹	411	525
Property	885	791
Training and development	633	356
Travelling expenses	1,364	1,401
Drug and alcohol testing	217	174
Recruitment expenses	363	120
Other ²	705	486
Total supplies and services	10,768	10,760

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 \$55,900 (2025: \$54,400). During the year no other services were provided by AOSA to ONRSR.

9. Depreciation

	2026	2025
	\$'000	\$'000
Fixtures and fittings	28	36
IT equipment	73	19
Leasehold improvements	622	857
Right-of-use assets	2,185	2,166
Total depreciation	2,908	3,078

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

Assets' residual values, useful lives and depreciation 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 depreciated 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 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

	2026	2025
	\$'000	\$'000
Interest expense on lease liabilities	461	371
Total finance costs	461	371

11. Other expenses

	2026	2025
	\$'000	\$'000
Net loss on disposal of property, plant and equipment	12	46
Total other expenses	12	46

12. Cash and cash equivalents

	2026	2025
	\$'000	\$'000
Cash at bank	14,010	17,300
Total cash and cash equivalents	14,010	17,300

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

13. Receivables

	2026	2025
	\$'000	\$'000
Current		
Contractual receivables	21	2
Prepayments	1,264	592
Accrued interest	274	173
Accrued revenue	-	71
Security deposit	5	5
Statutory receivables	238	152
Total current receivables	1,802	995

Contractual 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 26.

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 2026 all accounts receivable are assessed as collectable, and no impairment loss allowance has been recognised (2025: no impairment loss was recognised).

14. Other financial assets

	2026	2025
	\$'000	\$'000
Current		
Terms deposits - amortised cost	10,000	8,000
Total current other financial assets	10,000	8,000

Term deposits carry a fixed interest rate between 4.23% and 4.66% with original maturity dates of approximately 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

	2026 \$'000	2025 \$'000
Leasehold improvements		
At cost	5,141	5,379
Accumulated depreciation	(4,555)	(4,274)
Total leasehold improvements	586	1,105
Fixtures and fittings		
At cost	583	619
Accumulated depreciation	(342)	(337)
Total fixtures and fittings	241	282
IT equipment		
At cost	531	462
Accumulated depreciation	(79)	(155)
Total computer equipment	452	307
Right-of-use assets		
At cost	24,088	21,379
Accumulated depreciation	(14,828)	(12,688)
Total right-of-use assets	9,260	8,691
Total property, plant and equipment	10,539	10,385

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 Melbourne.

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. No option exist to renew the leases at the end of their term other than Melbourne which has an extension option of a further 3 years. 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 2026.

OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR

16. Asset movement reconciliation

	Leasehold improvements	Fixtures and fittings	IT equipment	Right-of-use assets	Total
2026	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2025	1,105	282	307	8,691	10,385
Acquisitions	104	-	218	-	322
Disposals	-	(13)	-	-	(13)
Remeasurement	1	-	-	2,754	2,755
Depreciation	(622)	(28)	(73)	(2,185)	(2,908)
Other changes ¹	(2)	-	-	-	(2)
Carrying amount at 30 June 2026	586	241	452	9,260	10,539

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

17. Payables

	2026 \$'000	2025 \$'000
Current		
Contractual payables	779	134
Accrued expenses	385	582
Statutory payables	8	9
Employee on-costs ¹	267	130
Total current payables	1,439	855

Contractual payables are liabilities that arises from contracts. They include trade payables and accrued expenses. Accrued expenses are expenses incurred but not yet invoiced or paid. The balances are transferred to trade payables when invoices are received.

Statutory payables do not arise from contracts. Statutory payables include government taxes and equivalents as well as statutory fees and charges. Statutory payables are carried at cost. They are not financial liabilities.

All payables are measured at their nominal amounts, are unsecured and are normally settled within 30 days of an invoice being received.

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.

OFFICE OF THE NATIONAL RAIL SAFETY REGULATOR

18. Other Financial Liabilities

	2026 \$'000	2025 \$'000
Current		
Lease liabilities	1,956	2,177
Total current other financial liabilities	1,956	2,177
Non-current		
Lease liabilities	8,121	7,345
Total non-current other financial liabilities	8,121	7,345
Total other financial liabilities	10,077	9,522

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 Melbourne.

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

	2026 \$'000	2025 \$'000
Maturity analysis - lease liabilities undiscounted cash flows		
Not later than one year	2,429	2,619
Later than one year but not later than five years	5,931	5,365
Later than five years	3,643	3,468
Total	12,003	11,452

19. Employee related liabilities

	2026 \$'000	2025 \$'000
Current		
Accrued salaries and wages	214	1,099
Annual leave	1,595	1,729
Long service leave	2,517	2,461
Total current employee related liabilities	4,326	5,289
Non-current		
Long service leave	811	918
Total non-current employee related liabilities	811	918
Total employee related liabilities	5,137	6,207

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

	2026 \$'000	2025 \$'000
Make Good		
Carrying amount at the beginning of the period	1,419	1,642
Remeasurement of continuing obligations ¹	(2)	135
Release from previously recognised obligation ²	(341)	(358)
Carrying amount at the end of the period	1,076	1,419

Classified as:

Current

Make Good

824	-
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Total current provisions

824	-
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Non-current

Make Good

252	1,419
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Total non-current provisions

252	1,419
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Total provisions

1,076	1,419
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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 Melbourne office premises as detailed in note 6, resulting in derecognition of the corresponding previously recognised component of the Make Good provision.

21. Unrecognised contractual commitments

Expenditure commitments - non-capital

	2026 \$'000	2025 \$'000
Within one year	772	802
Later than one year but no longer than five years	344	467
Total other commitments	1,116	1,269

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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22. Contingent assets and liabilities

The Regulator commenced four prosecutions prior to 30 June 2026 in accordance with section 220 of the Law that were not ultimately determined at balance date. These involved 20 charges under the Law, with an aggregate maximum penalty of \$24.01 million.

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.

23. 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.

24. 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 2026 the total number of key management personnel was 8 (2025: 9), who were collectively awarded total compensation of \$1.644 million (2025: \$1.806 million).

Transactions with key management personnel

Apart from the remuneration for key management personnel, ONRSR did not have any material transactions with key management personnel, their close family members and/or their controlled or jointly controlled entities for the years ended 30 June 2026 and 30 June 2025.

25. Related party transactions

Related parties of ONRSR include all key management personnel and their close family members. There were no related party transactions for the years ended 30 June 2026 and 30 June 2025.

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26. Financial instruments

Categorisation of financial instruments

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

	2026 \$'000	2025 \$'000
Financial assets:		
Financial assets		
Cash and cash equivalents	14,010	17,300
Financial assets at amortised cost		
Term deposits	10,000	8,000
Receivables	295	246
Total financial assets	24,305	25,546
Financial liabilities:		
Financial liabilities at amortised cost		
Payables	1,108	662
Lease liabilities	10,077	9,522
Total financial liabilities	11,185	10,184
Net gain or loss on financial assets:		
Cash and cash equivalents		
Interest on cash and cash equivalents	505	893
Financial assets		
Interest on term deposits	981	618
Net gain on financial assets	1,486	1,511
Net gain or loss on financial liabilities:		
Lease Liabilities		
Interest expense on lease liabilities	(461)	(371)
Net (loss) on financial liabilities	(461)	(371)

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.