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## To the Rail Commissioner

### Opinion

I have audited the financial report of the Rail Commissioner for the financial year ended 30 June 2024.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Rail Commissioner as at 30 June 2024, 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* and Australian Accounting Standards – Simplified Disclosures.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2024
- a Statement of Financial Position as at 30 June 2024
- a Statement of Changes in Equity for the year ended 30 June 2024
- a Statement of Cash Flows for the year ended 30 June 2024
- notes, comprising material accounting policy information and other explanatory information
- a Certificate from the Rail Commissioner and the Executive Director, People and Corporate Services for the Department for Infrastructure and Transport.

### 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 Rail Commissioner. 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 Rail Commissioner for the financial report**

The Rail Commissioner 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* and the 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 that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Rail Commissioner is responsible for assessing the entity's ability to continue as a going concern, taking into account any policy or funding decisions the government has made which affect the continued existence of the entity. The Rail Commissioner 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*, I have audited the financial report of the Rail Commissioner for the financial year ended 30 June 2024.

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 Rail Commissioner's internal control

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Rail Commissioner
- conclude on the appropriateness of the Rail Commissioner'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 Rail Commissioner 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)**

26 September 2024

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**Government  
of South Australia**

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Rail Commissioner

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 June 2024**

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Rail Commissioner Financial Statements 2023-24

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**Statement of Comprehensive Income  
for the year ended 30 June 2024**

	Note	2024 \$'000	2023 \$'000
<b>Income</b>			
Revenues for the provision of services	3	9,664	18,302
<b>Total Income</b>		<u>9,664</u>	<u>18,302</u>
<b>Expenses</b>			
Employee related expenses	4	9,664	18,302
<b>Total Expenses</b>		<u>9,664</u>	<u>18,302</u>
<b>Net Result</b>		<u>-</u>	<u>-</u>
<b>Total Comprehensive result</b>		<u>-</u>	<u>-</u>

The net result and comprehensive result are attributable to the SA Government as owner.

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

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Rail Commissioner Financial Statements 2023-24

**Statement of Financial Position  
as at 30 June 2024**

	Note	2024 \$'000	2023 \$'000
<b>Current Assets</b>			
Receivables	5	4,573	6,681
<b>Total Current Assets</b>		<u>4,573</u>	<u>6,681</u>
<b>Non-Current Assets</b>			
Receivables	5	3,742	7,488
<b>Total Non-Current Assets</b>		<u>3,742</u>	<u>7,488</u>
<b>Total Assets</b>		<u>8,315</u>	<u>14,169</u>
<b>Current Liabilities</b>			
Payables	6	2	11
Employee related liabilities	4.5	4,418	5,514
Provisions	7	153	1,156
<b>Total Current Liabilities</b>		<u>4,573</u>	<u>6,681</u>
<b>Non-Current Liabilities</b>			
Payables	6	17	107
Employee related liabilities	4.5	2,736	2,199
Provisions	7	989	5,182
<b>Total Non-Current Liabilities</b>		<u>3,742</u>	<u>7,488</u>
<b>Total Liabilities</b>		<u>8,315</u>	<u>14,169</u>
<b>Net Assets</b>		<u>-</u>	<u>-</u>
<b>Equity</b>			
Retained earnings		-	-
<b>Total Equity</b>		<u>-</u>	<u>-</u>

The Total Equity is attributable to the SA Government as owner.

Commitments	8
Contingent assets and liabilities	9

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

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Rail Commissioner Financial Statements 2023-24

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**Statement of Changes in Equity  
for the year ended 30 June 2024**

	Retained Earnings \$'000	Total \$'000
<b>Balance at 30 June 2022</b>	-	-
Net result for 2022-23	-	-
Total comprehensive result for 2022-23	-	-
<b>Balance at 30 June 2023</b>	-	-
Net result for 2023-24	-	-
Total comprehensive result for 2023-24	-	-
<b>Balance at 30 June 2024</b>	-	-

All changes in equity are attributable to the SA Government as owner.

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

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Rail Commissioner Financial Statements 2023-24

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**Statement of Cash Flows**  
for the year ended 30 June 2024

	2024	2023
	\$'000	\$'000
<b>Cash flows from Operating Activities</b>		
<b>Cash Inflows</b>		
Revenues for the provision of services	15,517	19,697
<b>Cash generated from operations</b>	<u>15,517</u>	<u>19,697</u>
<b>Cash Outflows</b>		
Employee benefit payments	(15,517)	(19,697)
<b>Cash used in operations</b>	<u>(15,517)</u>	<u>(19,697)</u>
<b>Net cash provided by operating activities</b>	<u>-</u>	<u>-</u>
<b>Net (decrease) in cash and cash equivalents</b>	-	-
Cash and cash equivalents at the beginning of the period	-	-
<b>Cash and cash equivalents at the end of the period</b>	<u>-</u>	<u>-</u>

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



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Rail Commissioner Financial Statements 2023-24

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**Notes to the Financial Statements  
for the year ended 30 June 2024**

**Note 1 - About the Rail Commissioner**

The financial statements cover the Rail Commissioner as an individual reporting entity. The Rail Commissioner is a body corporate pursuant to the Rail Commissioner Act 2009.

**1.1 Basis of Preparation**

The financial statements are general purpose financial statements. The statements have been prepared in accordance with section 23 of the *Public Finance and Audit Act 1987*, relevant Australian Accounting Standards (simplified disclosures) and Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer under the *Public Finance and Audit Act 1987*.

For the purposes of preparing the financial statements the Rail Commissioner is a not-for-profit entities. Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted for the period ending 30 June 2024.

The financial statements have been prepared based on a 12 month period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is identified in the notes to the financial statements. The Rail Commissioner is not subject to income tax. The Rail Commissioner is liable for payroll tax and fringe benefits tax.

Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Accounting policies are set out in the notes.

The budget for the Rail Commissioner is published as part of Department for Infrastructure and Transport (DIT)'s budget and is not separately identified. The budgetary reporting standard (AASB 1055) does not apply.

**Note 2 - Objectives and Activities**

**2.1 Objectives of the Rail Commissioner**

The Rail Commissioner was established as a body corporate by the *Rail Commissioner Act 2009*. The *Rail Commissioner Act 2009* provided that the Rail Commissioner's principal activity was to operate passenger transport services, an activity that continued to be the primary focus until 30 June 2011.

As part of the restructure of the State Government's public transport functions, Cabinet approved the transfer of all assets, contracts, rights and liabilities from the Rail Commissioner to the Department for Infrastructure and Transport, effective 1 July 2011. Under this arrangement, the Rail Commissioner exists for the purposes of employing operational staff employed under Federal Awards.

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 Rail Commissioner Financial Statements 2023-24
 

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**2.2 Current Operating Arrangements**

As per the Government's election commitment the process of returning the operations of the rail network to government is currently underway. The operational function of the train and tram services is planned to return by January 2025 and July 2025 respectively.

The provision of tram and heavy rail operations is currently an outsourced model with the contracted providers responsible for all network operations and service delivery, and the maintenance of tram and rail network assets.

At the start of the current arrangement, employees were offered employment with the new service providers under Transfer of Business provisions of the *Fair Work Act 2009 (Cth)* or would commence the Redeployment, Retraining and Redundancy (RRR) processes as set out in the relevant enterprise agreements.

Employees that entered into RRR remain employees of the Rail Commissioner, until they accept a voluntary redundancy payment, resign or are offered alternative suitable employment within the South Australian public sector. This financial report represents the cost of Rail commissioner's employees.

Some employees were made available to the new train service provider. The cost of these employees and arrangements are recovered from the service provider. As of 27 November 2022 this arrangement with the service provider ceased.

<b>Note 3 - Revenues for the provision of services</b>	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Revenue from DIT for employee expenses	9,664	16,948
Revenue from private operator for employee expenses	-	1,354
<b>Total revenues for the provision of services</b>	<b>9,664</b>	<b>18,302</b>

Revenue represents the reimbursement from DIT and the private operator for the cost of employing staff.

Following the transition to outsourced heavy rail operations on 31 January 2021, Rail Commissioner staff had been made available to the private operator who reimbursed the Rail Commissioner for employee expenses. this arrangement ended in November 2022.

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 Rail Commissioner Financial Statements 2023-24
 

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**Note 4 - Employee Related Expenses**

<b>4.1 Employee Related Expenses</b>	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Salaries and wages	9,952	10,784
TVSPs	683	2,402
Long service leave*	312	(342)
Annual leave	901	826
Skills and experience retention leave	91	69
Block book off	377	229
Workers compensation**	(4,547)	2,477
Employment on-costs - superannuation***	1,223	1,115
Employment on-costs - payroll tax	672	742
<b>Total employee related expenses</b>	<b>9,664</b>	<b>18,302</b>

Employee benefit expenses relate to Rail Commissioner employees remaining under the Redeployment, Retraining and Redundancy (RRR) processes. Some of these employees were made available to the outsourced service provider for which this cost is reimbursed, this agreement with the service provider ceased during 2022-23. Other employees are undertaking reskilling and development through project placements and job shadowing. Through these initiatives, rail redeployees are providing services that enhance a number of public services related to transport, public health, compliance and public assets.

\* In 2022-23 a write down of the long service leave liability led to a decrease in the long service leave expense. The write down was largely due to the remeasurement of the provision following the transfer of heavy rail employees to the private operator (note 2.2).

\*\* A write down of the provision for workers compensation has led to a decrease in the workers compensation expense. The write down was largely due to due to the remeasurement of the provision following the transfer of heavy rail employees to the private operator (note 2.2).

\*\*\* The superannuation employment on-cost charge represents the Rail Commissioner's contributions to superannuation plans in respect of current services of current employees.

<b>4.2 Targeted Voluntary Separation Packages (TVSPs)</b>	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Amounts paid to separated employees:		
Targeted voluntary separation packages	683	2,402
Leave paid to separated employees	656	1,626
	<b>1,339</b>	<b>4,028</b>

The number of employees who received a TSVP during the reporting period was 8 (26).

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 Rail Commissioner Financial Statements 2023-24
 

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**4.3 Key Management Personnel**

The Rail Commissioner is a body corporate established pursuant to the *Rail Commissioner Act 2009* and is a wholly owned and controlled entity of the Crown.

Related parties of the Rail Commissioner include all key management personnel and their close family members; all Cabinet Ministers and their close family members; and all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government.

Key management personnel of the Rail Commissioner include the Minister for Infrastructure and Transport and the Rail Commissioner who have the responsibility for the management of the Rail Commission..

Compensation for the Rail Commissioner's key management personnel is paid by the Department for Infrastructure and Transport. The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 the *Parliamentary Remuneration Act 1990*.

**4.4 Remuneration of Employees**

The number of employees whose remuneration received or receivable falls within the following bands:

Remuneration Band	2024 No	2023 No
\$160 001 - \$166 000*	n/a	-
\$166 001 - \$186 000	-	3
\$186 001 - \$206 000	-	1
\$206 001 - \$226 000	-	-
\$226 001 - \$246 000	-	-
\$246 001 - \$266 000	-	-
\$266 001 - \$286 000	-	-
\$286 001 - \$306 000 (a)	1	2
\$306 001 - \$326 000	-	-
\$326 001 - \$346 000 (b)	1	-
\$346 001 - \$366 000	-	1
\$546 001 - \$566 000	-	1
	<b>2</b>	<b>8</b>

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\*This band has been included for the purpose of reporting comparative figures based on the executive base level remuneration rate for 2022-23.

The table includes all employees whose normal remuneration was equal to or greater than the base executive remuneration level during the year.

The total remuneration for the 2 employees (8 employees) was \$630,192 (\$2.2 million) and reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits as well as any termination benefits for employees who have left the department.

(a) 2024 - includes TVSP payment for one employee

(b) 2024 - includes TVSP payment for one employee

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<b>4.5 Employee Related Liabilities</b>	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current:</b>		
Annual leave	1,313	1,469
Long service leave	1,465	2,327
Block book off	621	656
Skills and experience retention leave	105	111
Accrued wages and salaries	370	316
Employment on-costs	544	635
<b>Total current employee benefits</b>	<b>4,418</b>	<b>5,514</b>
<b>Non-current:</b>		
Long service leave	2,481	2,000
Employment on-costs	255	199
<b>Total non-current employee benefits</b>	<b>2,736</b>	<b>2,199</b>
<b>Total employee benefits</b>	<b>7,154</b>	<b>7,713</b>

These benefits accrue for employees as a result of services provided up to the reporting date that remain unpaid. Non-current employee benefits are measured at present value and current employee benefits are measured at nominal amounts.

**Employment on-costs**

Employment on-costs include superannuation contributions and payroll tax with respect to outstanding liabilities for salaries and wages, long service leave and annual leave. The Rail Commissioner makes contributions to several State Government and externally managed 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.

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has increased from the 2023 rate of 43% to 44% in 2024 and the average factor for the calculation of employer superannuation on-costs has also changed from the 2023 rate of 11.1% to 11.5% in 2024.

These rates are used in the employment oncost calculation. The net financial effect of the changes in the current financial year is an increase in employment on-cost of \$0.02 million. The impact on future periods is impracticable to estimate.

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 Rail Commissioner Financial Statements 2023-24
 

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**Long service leave**

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave and is based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities.

AASB 119 Employee Benefits requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long term Commonwealth Government bonds has increased from 4% in 2023 to 4.25% in 2024.

The actuarial assessment performed by the Department of Treasury and Finance increased the salary inflation rate to 3.5% from 2023 ( 2.5%) for long service leave liability. As a result, there is an increase in the long service liability.

The net financial effect of the changes to actuarial assumptions in the current financial year is an increase in the long service leave liability of \$0.124 m and an increase in employee benefit on-costs expense of \$0.013 m. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long-term discount rate.

The long service leave liability has been allocated between current and non-current liabilities using the leave pattern history of previous years.

<b>Note 5 - Receivables</b>	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Employee benefits	3,874	4,879
Workers compensation	153	1,156
Oncost related to employee benefits	544	635
Workers compensation recoveries	2	11
<b>Total current receivables</b>	<b>4,573</b>	<b>6,681</b>
<b>Non-current</b>		
Employee benefits	2,481	2,000
Workers compensation	989	5,182
Oncost related to employee benefits	255	199
Workers compensation recoveries	17	107
<b>Total non-current receivables</b>	<b>3,742</b>	<b>7,488</b>
<b>Total receivables</b>	<b>8,315</b>	<b>14,169</b>

Receivables represent amounts owing from DIT and the private operator as at the reporting date to provide for the employee benefits liabilities of the Rail Commissioner.

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<b>Note 6 - Payables</b>	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current:</b>		
Workers compensation	2	11
<b>Total current payables</b>	<b>2</b>	<b>11</b>
<b>Non-Current:</b>		
Workers compensation	17	107
<b>Total non-current payables</b>	<b>17</b>	<b>107</b>
<b>Total payables</b>	<b>19</b>	<b>118</b>

<b>Note 7 - Provisions</b>	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current:</b>		
Provision for workers compensation	153	1,156
<b>Total current provisions</b>	<b>153</b>	<b>1,156</b>
<b>Non-current:</b>		
Provision for workers compensation	989	5,182
<b>Total non-current provisions</b>	<b>989</b>	<b>5,182</b>
<b>Total:</b>		
Provision for workers compensation	1,142	6,338
<b>Total provisions</b>	<b>1,142</b>	<b>6,338</b>

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Carrying amount at the beginning of the period</b>	<b>6,338</b>	<b>4,734</b>
(Decrease)/increase in provision due to revision of estimates	(4,547)	2,477
Amounts used	(649)	(873)
<b>Carrying amount at 30 June 2024</b>	<b>1,142</b>	<b>6,338</b>

A provision has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2024 provided by a consulting actuary engaged through the Office of the Commissioner for the Public Sector. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.



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Rail Commissioner Financial Statements 2023-24

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**Note 8 - Commitments**

The Rail Commissioner has no commitments as at 30 June 2024.

**Note 9 - Contingent assets and liabilities**

As at 30 June 2024 the Rail Commissioner has no contingent assets or liabilities.

**Note 10 - Outlook**

The South Australian Government commenced the transition to return the operation of trains back to State control in 2024-25. The Rail Commissioner expects an increase in employee numbers and associated expenses and liabilities in 2024-25.

## **Rail Commissioner CERTIFICATION OF THE FINANCIAL STATEMENTS**

We certify that the:

- financial statements of the Rail Commissioner:
  - are in accordance with the accounts and records of the Rail Commissioner; and
  - comply with relevant Treasurer's instructions; and
  - comply with relevant accounting standards; and
  - present a true and fair view of the financial position of the Rail Commissioner at the end of the financial year and the result of its operations and cash flows for the financial year.
- Internal controls employed by the Rail Commissioner for the financial year over its financial reporting and its preparation of the financial statements have been effective.



Jon Whelan  
Chief Executive  
Rail Commissioner

Department for Infrastructure  
and Transport  
South Australia

24 September 2024



Graeme Jackson  
Executive Director, People  
and Corporate Services

Department for Infrastructure  
and Transport  
South Australia

24 September 2024