



In November 2016 the Transport and Infrastructure Council approved changes to ONRSR's cost recovery model.

Background

ONRSR has been established to administer a national regulatory regime. ONRSR's cost recovery model was subject to a three year review, which was completed in 2016 following extensive consultation with industry and governments. The Transport and Infrastructure Council (Ministerial Council) approved the following recommendations:

- > To charge operators on their actual track and train kilometres, not what they forecast they will do
- > To introduce a separate fee for major projects
- > To undertake further work to develop a model to further align to regulatory effort and risk.

The recommendations will be implemented via immediate and longer-term changes.

Immediate changes

On 1 July 2017 the following changes take effect:

- > 2017-18 annual fees for accredited operators will be calculated from monthly data provided for January 2016 to December 2016. A reconciliation will be undertaken of 2016-17 fees paid against actual activity, but this will not be required in future years.
- > Major project fees will apply to specific projects across Australia when railway operations commence, including those major projects already undertaking railway operations.

Longer-term initiatives

Ministerial Council, in approving the current changes, also requested ONRSR to undertake further work to enhance the model based on regulatory effort and risk. In undertaking this work

ONRSR will work with stakeholders in considering models that can achieve this. Subsequent recommendations will be made to Ministerial Council in November 2018.

Annual accreditation fees

Annual accreditation fees are determined by the cost recovery model. Annual accreditation fees comprise a fixed fee and variable fee/s.

Only one fixed fee applies per accredited operator, regardless of how many jurisdictions the operator is accredited under ONRSR, or whether they undertake rolling stock and/ or rail infrastructure management.

Each accredited operator is also subject to annual variable fees. These are calculated by multiplying their track and train activities in a state/territory by the applicable variable fee rates.

The variable fee rates are calculated each year and different rates apply per state/ territory. They are based on:

- > The amount to recover from industry in a state/territory, determined by the cost of regulation and the percentage to recover – based initially on what was recovered by the state/ territory government prior to ONRSR.
- > Annual increase in the percentage being recovered from industry by 5%, where cost recovery is less than 100% in the state/territory.
- > Annual adjustment by the national Consumer Price Index (CPI).
- > The number of accredited operators and track kilometres managed and train kilometres travelled in a state/territory in the previous calendar year.
- > Proportional recovery at 30% from below rail / track managers and 70% from above rail / rolling stock operators.

Allowance is also made for amounts received by ONRSR from other fees, such as annual registration fees and application fees.

An example of how the variable fees are set is shown on the next page.

Fee amounts and invoicing

All annual and application fees are set out in Schedule 3 of the Rail Safety National Law National Regulations from 1 July each year.

Annual fee invoices are issued in September each year for payment by 31 October. Operators accredited or registered after 1 July will be invoiced separately, at the time of accreditation / registration, for the fixed amount payable for that financial year.

Application fees are payable on application.

Fees are a condition of accreditation / registration and late payment or non-payment of annual fees may result in late fees being applied, and possible suspension of accreditation.

Further information

The following documents are related:

- > Fees policy
- > Major Project Fees fact sheet

These documents and further information are available from the ONRSR website.

Example: Annual variable fee setting for a state/territory

Amount to recover from industry, adjusted by National CPI and major project fees; and increased by 5% of the overall cost of regulation (if not at 100%) = **\$3,958,500**

Deduct fixed fees

Calculate fixed fees by the number of operators principally accredited in that jurisdiction eg:

20 Commercial operators principally accredited X \$15,000

9 Tourist & heritage operators X \$2,000

Total fixed fees = **\$318,000**

Determine amount to recover through variable fees

Deduct total fixed fees from total cost of recovery

$\$3,958,500 - \$318,000 = \$3,640,500$

Total variable amount to be recovered = **\$3,640,500**

Divide variable amount into track and train at a ratio of 30:70

Track portion
 $\$3,640,500 \times 30\%$
= \$1,092,150

Train portion
 $\$3,640,500 \times 70\%$
= \$2,548,350

Divide by state / territory total track

$\$1,092,150 / 11,276 \text{ kms}$

Track Fee
\$96.86 per km

Divide by state / territory total train

$\$2,548,350 / 49,406,656 \text{ kms}$

Train Fee
\$0.052 per km