

ONRSR Policy

Fees

Effective from 1 July 2017



Document control	
Objective Document ID:	A462795
Version number:	3.0
Approved by:	Chief Executive
Date approved:	17 March 2017

Policy changes to version 3.0

- > Added section 7 (major project fees) with supporting additions to section 5 (legislative framework) and 10.1 (tourist and heritage railways)
- > Updated section 6 to reflect changes from 1 July
- > Change to the definition of a tourist and heritage operator to exclude operations that are solely for personal enjoyment

Effective from 1 July 2017

Office of the National Rail Safety Regulator
Level 1, 75 Hindmarsh Square, Adelaide SA 5000
PO Box 3461, Rundle Mall, Adelaide SA 5000
Phone: 08 8406 1500
Fax: 08 8406 1501

E: contact@onrsr.com.au

W: www.onrsr.com.au



www.twitter.com/ONRSRAustralia

Copyright information

© Office of the National Rail Safety Regulator 2017. This material may be reproduced in whole or in part, provided the meaning is unchanged and the source is acknowledged

Table of contents

1	Purpose	4
2	Background	4
3	Scope	4
4	Definitions	4
5	Legislative framework	4
6	Annual fees	5
7	Major project fees	6
7.1	Context	6
7.2	Types of Fees	6
7.3	Regulatory oversight of major projects	7
7.4	What is a major project?	8
7.5	What is not a major project?	8
7.6	Application (complex operations) fee	9
7.7	Annual project component fee	9
7.8	Notification by the Regulator	10
7.9	Show cause and right of review	10
8	Entering into agreements	11
9	Waivers and refunds	11
9.1	Tourist and heritage railways	11
9.2	Transition periods	12
9.3	Surrender of accreditation or registration	13
9.4	Suspension or cancellation of accreditation or registration	13
9.5	Waiver or refund of exemption application fees	14
10	Late payment of annual fees	14
11	Failure to pay the annual fee	14
12	Recovery of fees	14

1 Purpose

The purpose of this policy is to provide information on the fees payable by rail transport operators and how the Office of the National Rail Safety Regulator (ONRSR) will exercise its discretionary powers with respect to annual fees, waivers, refunds and payment arrangements for fees administered by ONRSR.

2 Background

ONRSR has been established under the *Rail Safety National Law (RSNL)* to administer a national system of rail safety regulation, including the effective management of rail safety risks through a national scheme for accreditation of rail transport operators.

Under the RSNL, rail transport operators must pay application fees for certain formal applications to ONRSR and annual fees for accreditation and/ or registration. These fees cover, in part, the cost of regulatory services provided by ONRSR.

3 Scope

This policy has relevance for the ONRSR officers responsible for exercising discretion with respect to fees paid by rail transport operators.

The document is intended to be read in conjunction with the legislation and other relevant ONRSR policies. The policy itself imposes no legal duty and where actions or requirements are described as mandatory these reflect requirements in the RSNL or National Regulations. It is not intended to replace the legislation, or to limit or expand the scope of the legislation. In the event of an inconsistency between this policy and the legislation, the legislation will prevail.

4 Definitions

Definitions provided by the RSNL and the Rail Safety National Law National Regulations 2012 (National Regulations) apply within this guideline.

- > **RSNL** – means the Rail Safety National Law which has been enacted as a Schedule to the *Rail Safety National Law (South Australia) Act 2012 (SA)* as it applies in each state and territory. In Western Australia, 'RSNL' means the Rail Safety National Law which has been enacted as mirror legislation in the *Rail Safety National Law (WA) Act 2015*
- > **National Regulations** – means the Rail Safety National Law National Regulations 2012; or the Rail Safety National Law (WA) Regulations 2015 in Western Australia.

Where terms are not defined within the legislation or regulations the Macquarie Dictionary definition applies.

5 Legislative framework

The RSNL requires that rail transport operators pay one-off fees for applications as prescribed in regulation 58 and listed in Schedule 3 to the National Regulations.

Sections 76 and 95 of the RSNL require accredited rail transport operators and registered rail infrastructure managers of private sidings to pay annual fees as prescribed in Schedule 3 of the National Regulations.

The Regulator must notify a rail transport operator if an additional application (complex operations) fee or an annual project component fee may and/or will apply, consistent with section 64 of the RSNL and prescribed in Schedule 3 of the National Regulations.

Part 7 of the RSNL prescribes the requirements for review of decisions. Section 215 provides for rail transport operators to seek a review of a decision made by the Regulator to charge an application (complex operations) fee (s64(5)) or an additional annual project component fee (s76(4)(e)).

Sections 76 and 95 provide the power for ONRSR to make agreements with rail transport operators regarding the payment of fees, and to suspend accredited operators for failing to pay annual fees.

Sections 77 and 96 contain provisions that allow for ONRSR to waive or refund the whole or part of any fee payable under Division 4 and Division 5 of Part 3 of the RSNL, covering application fees for accreditation (including variation and variation of conditions/restrictions), registration (including variation and variation of condition/restrictions) and annual fees. Similarly, section 214A allows ONRSR to waive or refund the whole or part of any exemption application fee payable.

Section 260 of the RSNL allows ONRSR to recover amounts due as a debt to ONRSR through court proceedings. This allows for dishonoured payments to be recovered by ONRSR.

6 Annual fees

Annual fees are a condition of accreditation and registration. The fee amounts are prescribed in Schedule 3 to the National Regulations and updated from 1 July each year.

A single invoice for each financial year will be issued to rail transport operators accredited and/ or registered with ONRSR. The invoice will be issued at least four weeks prior to the payment due date of 31 October. Rail transport operators accredited or registered after 1 July will be invoiced on a pro-rata basis for the period ending 30 June, with variable fees payable the following financial year. Pro-rata amounts are calculated to the month, and are payable for each month that an operator was accredited or registered to operate in.

Annual accreditation fees

Annual accreditation fees comprise a fixed and variable component. The fixed component is a single national fee issued to each accredited operator, irrespective of how many jurisdictions the operator is permitted to operate under their Notice of Accreditation. The fixed fee amount is not subject to the National Consumer Price Index (CPI).

Variable fees are payable for each state/territory that the rail operator undertakes activity under their accreditation. The amount payable is determined by applying the applicable rates for that financial year to track and train activity reported by the operator for the calendar year prior (excluding maintenance activities). Best endeavours will be made to ensure that this data is accurate, however it is ultimately the responsibility of the operator and penalties may apply under s120(3) for providing late, false or incorrect data.

Variable fee rates are adjusted each year consistent with the cost recovery model endorsed by the Standing Council of Transport Infrastructure (now the Transport and Infrastructure Council) in May 2012, with changes endorsed in November 2016. Annual adjustment reflects change in CPI and an additional five percent of the cost of regulation in those states/ territories not at full cost recovery. The cost recovery model also sets fixed and application fees.

ONRSR will set fees to ensure it recovers to its fixed budget.

Annual registration fees

Registered rail infrastructure managers of private sidings pay a fixed fee each year for registration, which covers all private sidings under that registration. The amount payable is not based on the length of track or the location of private sidings. This fee is not subject to CPI.

7.1 Context

There are many rail projects being undertaken by rail transport operators across Australia at any one time, however there are very few extremely complex major projects for which the annual fee (*project component fee*) for regulatory oversight may be charged during the life of the project. If a person is seeking a new accreditation for railway operations that are of such a scale and complexity (related to the delivery of a major project) an *application (complex operations) fee* may also apply.

ONRSR encourages all entities involved with major rail projects to engage early with ONRSR on the scope and nature of the proposed changes to rail infrastructure or rolling stock. This will support the adoption of appropriate safety assurance activities (refer ONRSR's *Major Project Guideline*) the use of which, is strongly encouraged, but is not mandatory. Early engagement also enables discussions in relation to the assessment of a project component fee to take place prior to the commencement of construction activity.

Major project fees apply to cover the cost of regulatory oversight of major rail projects.

7.2 Types of Fees

It is anticipated that major project fees will apply to a very small number of railway operations.

There are two different types of fees which could apply to a major project:

1. An ***application (complex operations) fee*** – this fee will only apply to entities who are not currently accredited and who seek accreditation for all or part of the railway operations for a major project. It applies in addition to the application for accreditation fee.
2. An annual ***project component fee*** – the applicable fee will depend on the level of project complexity. The fee amounts are set out in section 1 of Schedule 3, Part 2 of the National Regulations (project component fee (a), (b) or (c)).

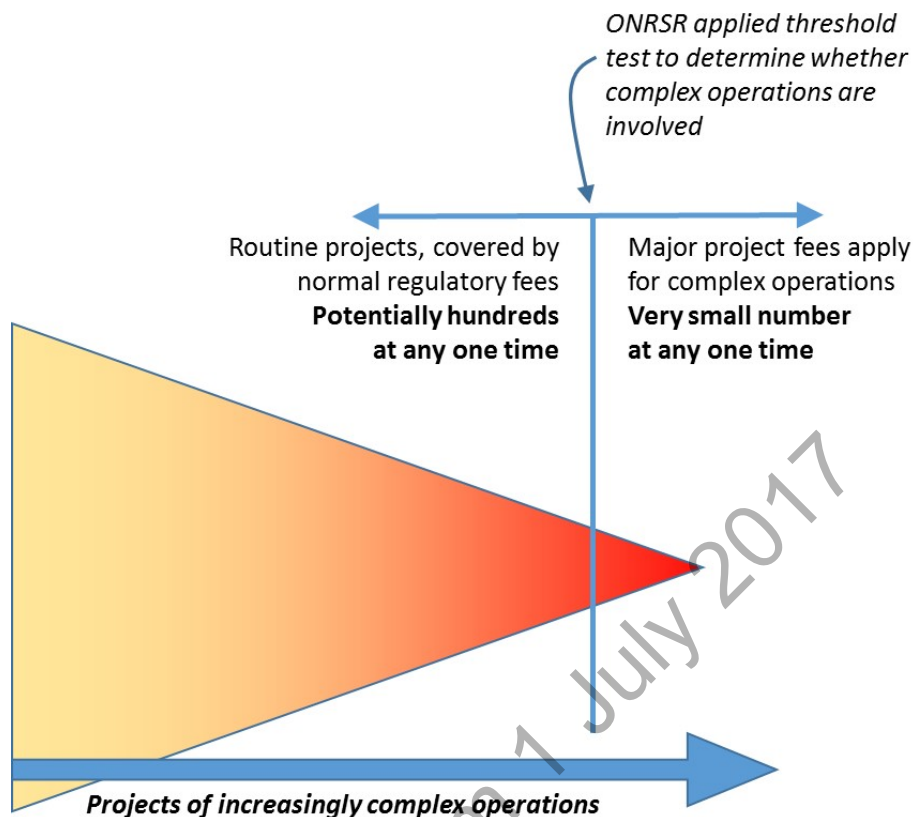
These fees were introduced to reduce cross-subsidisation from 'business as usual' railway operations. The total amount to be collected from annual fees will be reduced by the fees collected from major projects up to the value of \$1.12m per annum.

The fees are prescribed in Schedule 3, Part 1 (1A) and Part 2 (1a) of the National Regulations and the annual fee is adjusted by CPI each year.

Further detail on how these fees were calculated can be found in the *Cost Recovery Implementation Statement – ONRSR Major Rail Projects Fee 2016/17* available on the ONRSR website.

These are not representative of a fee for service but rather reflect the overall level of regulatory oversight applied in the delivery of the necessary oversight of rail safety matters by ONRSR during the design and construction phase of a major project.

The diagram below represents the extent to which it is anticipated that major project fees will apply in relation to railway operations.



7.3 Regulatory oversight of major projects

ONRSR is involved throughout the delivery of a major project, from design through to commissioning. However fees will only apply once railway operations commence in accordance with section 4(1) of the RSNL. The primary focus of the ONRSR work over these stages is to engage with the major project proponent/s to support timely, safe operations to commence at the end of the project. During the delivery of a major project ONRSR may typically undertake the following:

- > assess applications and issue relevant statutory notices
- > liaise with the rail transport operator's project team monitor project activities including:
 - accreditation planning
 - safety assurance planning
 - reviewing the safety risk register
 - liaising with safety assessors
 - reviewing safety arguments and key risk assessments
 - reviewing safety verification and validation processes
- > site and safety management system inspection activities.

If a rail transport operator is considering undertaking a major project then ONRSR would encourage early engagement. As the project progresses, ONRSR will engage regularly with the

major project's independent assurance bodies, including the independent safety assessor (if engaged by the rail transport operator); and provide comment where rail safety related issues require further attention by the major project. ONRSR will seek assurance that the major project is complying with its duties under the RSNL and is minimising risks to safety so far as is reasonably practicable.

7.4 What is a major project?

A major project is the delivery of a significant change to railway infrastructure or rolling stock by one or more entities.

The key consideration for determining if major project fees (complex operations fee and/or project component fee) will apply is the significance of the proposed change and the scale and complexity of the regulatory oversight that will be required. Table 1 below provides some typical examples, as a guide only, of such projects.

Table 1 Examples of major projects

Change to	Typical examples
Rolling stock	<ul style="list-style-type: none"> > introduction of a new class of rolling stock not previously used in Australia > significant modifications requiring complex systems integration > introduction of complex new safety risks > introduction of complex delivery mechanisms
Rail infrastructure	<ul style="list-style-type: none"> > introduction of novel signalling or train control systems > construction of a complex underground railway > significant modifications requiring complex systems integration > substantial construction of new rail infrastructure > introduction of complex new safety risks > novel infrastructure construction methodology > complex delivery mechanisms

7.5 What is not a major project?

Business-as-usual activities such as routine maintenance, renewal of infrastructure to the same configuration and to existing rail transport operator standards, introduction of new rolling stock of a class already used by the rail transport operator, and removal of railway crossings by construction of road-over-rail or rail-over-road bridges are not considered to be major projects. Examples are provided in table 2 below.

Table 2 Examples of business-as-usual activities

Change to	Typical examples
Rolling stock	<ul style="list-style-type: none"> > routine maintenance activity > introduction of rolling stock of a class already used by a rail transport operator > renewals for asset life extension > procurement of motive power > delivery in the tourist and heritage sector
Rail infrastructure	<ul style="list-style-type: none"> > routine maintenance activity > renewals for asset life extension > railway crossing removals > short extensions to existing railway lines > provision of localised additional assets > building refurbishments > delivery in the tourist and heritage sector

7.6 Application (complex operations) fee

In addition to the *application for accreditation fee* (section 64(2)(d)), to be paid at the time the application is submitted, ONRSR will assess the complexity of the operations to determine whether it is a major project. ONRSR will take into consideration the scope and nature of railway operations and the scale and complexity of rail safety regulatory oversight that will be required, and may charge a one-off application (complex operations) fee to assess the proponent's application. This fee is a fixed amount, as set out in Schedule 3 that applies to non-accredited persons applying for accreditation to undertake a major project.

7.7 Annual project component fee

In order to determine if an annual project component fee is payable by a rail transport operator, the Regulator may consider the following:

- > A new application for accreditation (where the complex operations fee was applied);
- > An application for variation to accreditation;
- > A notification of change;
- > Information supplied by a rail transport operator.

The Regulator must then, based on the proposed railway operations, take into account the following in accordance with Schedule 3, Part 2 (1b) of the National Regulations:

- (a) whether the railway operations, or any part of the railway operations, involve the introduction of new rolling stock or rail infrastructure not previously used in Australia;
- (b) whether the railway operations, or any part of the railway operations, involve the introduction of safety critical systems or other rail technology not previously used in Australia;
- (c) the complexity of any contract delivery or system integration in relation to the railway operations, or any part of the railway operations;
- (d) the extent of any change required to the safety management system or network rules in respect of the railway operations, or any part of the railway operations;
- (e) the extent of any new safety risks identified in relation to the railway operations, or any part of the railway operations,

and determine the impacts of these factors on the level of regulatory oversight required.

Below is an indicative guide only as to where the fees prescribed in Schedule 3, Part 2 (1a) of the National Regulations may apply, based on the process outlined above.

Project component fee (a) (highest)	<ul style="list-style-type: none"> > the proposed technology is not used (or limited use) in the Australian rail industry; or > the project is highly complex and may involve significant technological or operational change, which present higher safety risks to the public (such as the introduction of a new passenger fleet, integration into an existing passenger network, major tunnelling); or > the governance and/or contractual arrangements are highly complex; and > the proposed railway operations introduce significant new risks
Project component fee (b)	<ul style="list-style-type: none"> > the proposed technology is already widely used throughout the Australian rail industry; or > the project is being constructed and delivered separately to the end operator / maintainer
Project component fee (c) (lowest)	<ul style="list-style-type: none"> > the project involves substantial extension of infrastructure or substantial rolling stock modifications; and > the end operator/maintainer is undertaking the project

7.8 Notification by the Regulator

The Regulator must notify the rail transport operator in writing setting out that the Regulator is considering charging the application (complex operations) fee and/or the annual project component fee (or fees). The rail transport operator may, within seven days (or as otherwise agreed) make written representations to the Regulator showing cause why the fee or fees should not be charged.

The Regulator must consider any written representations made by the rail transport operator as part of this process.

If the Regulator proceeds with making the decision to charge the project component fee(s), then a notice must be provided to the rail transport operator informing them of this fact, and include the following:

- > Reasons for charging the fee;
- > The total of the fees being charged;
- > The date on which the fee/s is to be paid;
- > Information regarding the right of review.

In advising which annual project component fee applies, the Regulator must include the factors considered, the relevancy of those factors; the impacts on the regulatory oversight required; and response to written representations if made.

After the amount payable has been notified to the proponent in writing, the annual fee becomes payable from the date that railway operations commence in accordance with section 4(1) of the RSNL. Typically, this may include (but is not limited to) when construction commences or the installation of new technology begins. The initial annual project component fee is charged as a pro rata amount until the end of the current financial year.

The annual project component fee applies until the completion of the project.

- > Fees paid beyond the project completion date will be refunded on a monthly pro-rata rate
- > Should the project cease, ONRSR may, at its discretion, refund part of the major project fee paid for the current year on a pro-rata basis
- > Where a project is suspended, the amount paid past the date of suspension will be carried over as a credit to be applied at the recommencement of the project.

Provisions for the waiver or refund of fees in the RSNL are provided in section 9 of this policy.

Once the major project is complete, the annual project component fee will no longer apply and annual accreditation fees will apply (Schedule 3, Part 2 (1) of the National Regulations). This is typically upon final commissioning or in the case of new rolling stock, once the first batch has been commissioned and ONRSR has been satisfied that all systems are robust for the roll out of the remaining fleet.

If a rail transport operator is undertaking more than one major project at any one time, separate annual project component fees may apply.

7.9 Show cause and right of review

The decision to charge a fee under section 64(5) or section 76 (4)(e) (a decision to charge a particular fee according to a factor determined by the Regulator) is a reviewable decision.

The Regulator will advise the proponent that they are considering charging the application for accreditation (complex operations) fee and/or the annual project component fee and the proponent has 7 days to make written representation to the Regulator showing cause why the fee should not

be charged or not at the level notified by the Regulator. The Regulator must consider the reasons/s given in determining whether to proceed with the fee.

If the Regulator proceeds with the decision to charge an application (complex operations) fee or the annual amount payable as the project component fee, a proponent may apply to the Regulator for a review of the decision in accordance with the right of review set out in the Notice. The application must be made using ONRSR's application form (available on ONRSR's website). An application will be considered as per the ONRSR's *Review of decisions policy*.

During this time, the fees that are the subject of the review are not payable (on-hold). The fee payable will be in accordance with the outcome of the review.

8 Entering into agreements

The payment of annual fees is a requirement of accreditation. Only in exceptional circumstances may ONRSR consider payment of an annual fee under an alternative agreement. There are two forms of payment agreement that ONRSR may elect to reach with a rail transport operator:

- > payment of annual fees by quarterly instalments
- > deferral of payment of annual fees to a later date.

9 Waivers and refunds

The RSNL confers discretionary powers for ONRSR to provide waivers or refunds of the fees payable under Division 4 and Division 5 of Part 3 of the RSNL, and exemption application fees payable under Division 2 of Part 6. The circumstances in which the ONRSR may exercise this power are outlined below. The Regulator also retains the right to consider exceptional circumstances.

9.1 Tourist and heritage railways

Tourist and heritage rail transport operators will be subject to discounted application fees and discounted annual accreditation fees, which will be given effect through the exercise of the ONRSR's power to determine and waive fees under sections 76 and 77 of the RSNL.

These fees may be paid by state and territory governments on behalf of selected tourist and heritage operators in that jurisdiction, as a Community Service Obligation. ONRSR does not administer this process but will accept these operators as tourist and heritage operators and invoice state and territory governments for discounted fees on their behalf.

There may be other rail transport operators that may be eligible to receive discounted fees as a tourist and heritage operator but have not been nominated under the Community Service Obligation provision. At the time of transition to the RSNL, ONRSR will recognise the status given to an operator by the previous state/territory rail safety regulator, subject to future review.

When making a determination of whether a rail transport operator is a tourist and heritage operator for the purposes of discounted fees, ONRSR will have regard to the following criteria:

- > the railway principally involves the restoration, preservation or operation of vintage rolling stock; and
- > the purpose of the railway is to recreate historical railway experiences; and
- > the railway is operated for enjoyment by the public on a not-for-profit basis.

The discounted accreditation application fees are outlined in Table 3.

Table 3 Tourist and heritage railways' discounted application fees

Type of fee	Section of the RSNL	Percentage of full fee payable ¹
Application for Accreditation	64(2)(d)	10%
Application for Variation of accreditation	68(3)(c)	10%
Application for Variation of conditions/restrictions of accreditation	71(2)	10%

The fixed component of annual accreditation fees will be discounted for tourist and heritage operators but the variable rate will be as published in the National Regulations. The fixed component of the annual fee will be published on the ONRSR website.

Major project fees will be waived for tourist and heritage rail operators.

9.2 Transition periods

Note this section does not apply to major project fees (section 7).

As the RSNL is enacted in states and territories a transitional period comes into effect for rail transport operators newly requiring accreditation or registration, those who will have their existing accreditation or registration recognised under the RSNL, and those no longer requiring accreditation or registration.

New accreditation or registration required

Rail transport operators that did not previously require accreditation or registration for private sidings that are required to be accredited or registered under the RSNL, will be provided with a period of up to 3 years from the commencement of the RSNL in that jurisdiction² to seek accreditation, exemption from accreditation, or registration. ONRSR will waive the annual fee for such rail transport operators seeking accreditation or registration in this period for the duration of the 3 year transition. Application fees will still be applicable, although ONRSR will provide discounted application fees in accordance with Table 4 for each year that accreditation or registration is sought prior to the expiry of the transitional period.

¹ As listed in Schedule 3 to the National Regulations.

² Regulatory officers should confirm the transitional period provided.

Table 4: Discounted fees applicable during transitional periods – new accreditations and registrations triggered by the implementation of the RSNL only³

Year following commencement of the RSNL	Percentage of full fee payable ⁴		
	Application for accreditation fee s64(2)(d) of the RSNL	Application for registration fee s84(2)(b) of the RSNL	Annual fee
Year 1	50%	50%	0%
Year 2	75%	75%	0%
Year 3	90%	90%	0%

Transfer of accreditation or registration

The RSNL will recognise existing accreditations in a state/ territory as being accredited under ONRSR from the enactment of the RSNL in that state/ territory. This process is automatic and no application fee is required. Accredited operators will be subject to annual fees from ONRSR for the period of the financial year that the ONRSR is in effect, with the remaining portion being recovered from the relevant state/ territory regulator.

Similarly registered private sidings will be recognised, however under the RSNL (Division 5) rail infrastructure managers for private siding/s will be registered (rather than the private siding itself).

During the transition period previously registered sidings will be consolidated by ONRSR under a new registration for the rail infrastructure manager (who is not otherwise accredited) or under the existing accreditation of a rail infrastructure manager. This process will not attract an application fee for either a new registration of previously registered private sidings or variation to an existing accreditation, however, annual fees will apply in full.

Accreditation or registration no longer required

A rail transport operator that was accredited or registered under previous rail safety laws that is not required by the RSNL to be accredited or registered (unless prescribed under regulation 7(2) of the National Regulations) will no longer be accredited or registered to operate railway operations. Any refund of annual fees already paid will be administered by the relevant state/ territory regulator.

9.3 Surrender of accreditation or registration

Refund of annual fees paid to ONRSR will only be granted in exceptional circumstances, on a pro-rata (monthly) basis for the remaining portion of the financial year for which annual fees have already been paid.

The surrender of a private siding/s where the registered rail infrastructure manager will retain registration to manage other private siding/s will not attract any fee or refund.

9.4 Suspension or cancellation of accreditation or registration

Due to the regulatory effort associated with suspension and cancellation of accreditation or registration, ONRSR will not provide refunds of annual fees paid.

³ Discounted fee will apply to the first application only. If the first application is refused, subsequent applications will attract fees as listed in Schedule 3 to the National Regulations without discount

⁴ As listed in Schedule 3 to the National Regulations.

9.5 Waiver or refund of exemption application fees

Section 214A allows ONRSR to waive or refund fees payable under Division 2 of Part 6 of the RSNL. This power provides for extenuating circumstances and will be exercised at the Regulator's discretion.

10 Late payment of annual fees

In the absence of an agreed alternate arrangement for the payment of an annual fee by a rail transport operator, ONRSR may impose a late payment fee where the fee is not paid on or before the due date. The method of calculation for this fee is prescribed in the National Regulations.

11 Failure to pay the annual fee

ONRSR may suspend the accreditation of an operator where they have failed to pay the annual fee, consistent with Section 76 of the RSNL. Notice of 30 days will be provided to the operator to which they must respond by paying the fee or negotiating an alternative payment agreement.

Once an operator has been suspended no railway operations may be undertaken until that suspension is withdrawn.

12 Recovery of fees

ONRSR will make all reasonable efforts to enter into agreements with rail transport operators for alternative payment arrangements and will give due consideration to the possibility of providing waivers and refunds. However, it should be noted that these powers are discretionary and ONRSR is not obligated to exercise these powers. In the event that a rail transport operator is recalcitrant and fails to comply with the requirements of the RSNL, ONRSR may attempt to recover fees through court proceedings.

Effective from 1 July 2017