

About the Cost Recovery Model

February 2022

Background

ONRSR has been established to administer a national regulatory regime and is currently funded through a combination of government contributions and regulatory fees.

ONRSR's last cost recovery model review, which was completed in 2016 resulted in the introduction of a separate fee for major projects and a change to charge accredited operators based on actual track and train kilometres instead of forecasted activity.

At the request of Infrastructure and Transport Ministers, ONRSR is developing a new, nationally consistent cost recovery model. The new model, which is being developed in consultation with industry, will be based on risk and regulatory effort.

This fact sheet relates to the cost recovery model currently in use by ONRSR, not the national model that is under development.

Application fees

Application fees are fixed fees that are paid when submitting an application to ONRSR and are not dependent on the outcome of the application.

These include applications for:

- > accreditation or registration
- > variation of accreditation or registration (including Major Projects)
- > exemption
- > variation of exemption
- > variation of conditions/ restrictions.

Major project fees

There are two types of major project fees:

- > an application (complex operations) fee, which is a one-off fee for new operators, and
- > an annual project component fee, which is dependent on the level of project complexity and is payable annually for the duration of the major project.

For more information, refer to ONRSR's Major Project Fees fact sheet.

Annual registration fees

Registered operators pay an annual fixed fee. Only one fee is paid regardless of the number and location of private sidings which they are registered to operate.

Annual accreditation fees

Annual accreditation fees comprise: a fixed fee; and variable fees based on the length of track managed and/or train kilometres travelled per state/territory.

Only one fixed fee applies per accredited operator, regardless of how many jurisdictions they are accredited to operate in, or whether they undertake rolling stock and/or rail infrastructure management.

Variable fees are calculated by multiplying their track and train activities in a state/territory by the applicable variable fee rate for that state or territory.

The variable fee rates are calculated each year and different rates apply per state/territory. The rates applicable in each state/territory 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 transitioning to ONRSR
- > Annual adjustment by the national Consumer Price Index (CPI)
- > Adjustment for state/ territory government contribution towards the cost of regulation where applicable
- > Adjustments for other fees collected, such as application fees, annual registration fees and major project fees
- > The expected amount to be collected in annual fixed fees (number of accredited operators)

- > The track kilometres managed and train kilometres travelled in a state/territory in the previous calendar year, or an estimate of these where this is not available, and
- > Proportional recovery at 30% from below rail / track managers and 70% from above rail / rolling stock operators

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

Payment of fees

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 that are accredited or registered after 1 July will be invoiced separately, at the time of accreditation / registration for the pro-rata amount payable for that financial year.

Operators that have been notified that their operations will be subject to an annual major project fee (project component fee) will be invoiced on commencement of the major project and annually thereafter for the life of the project.

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 may also result in suspension or cancellation of accreditation/registration.

Further information

The following related documents are available from the ONRSR website:

- > ONRSR's [Fees policy](#)
- > [Major Project Fees fact sheet](#).

Example: Annual variable fee setting for a state/territory

Amount to recover from industry, adjusted by National CPI, major project fees; and increased by 5% of the cost of regulation in that state or territory (if not at 100%)

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

Divide by state / territory total train
 $\$2,548,350 / 49,406,656 \text{ kms}$

Track Fee
\$96.86 per km

Train Fee
\$0.052 per km