

# MEDIA RELEASE

## National Transport Reforms – Two Steps Forward, One Step Back

“National transport reforms have led to some improvements in the rail regulatory regime, but much more needs to be done to achieve the full benefits of reform,” said ARA CEO Danny Broad, in summarising the ARA submission to the Productivity Commission Inquiry into National Transport Regulatory Reform.

“Jurisdictional differences continue to thwart the achievement of the full benefits of national reform,” he said.

“In some states, prescriptive regulations increase compliance costs with no proven safety benefit.”

“Deloitte modelling confirms that NSW and Queensland state-based rules that limit train driver working hours are at odds with the rest of the country. They create significant productivity losses and add unnecessary red tape, with no identified increase in safety.”

“The NSW-specific drug and alcohol requirements also add compliance costs, and negatively affect productivity by limiting an operator’s flexibility to manage drug and alcohol risks,” he said.

“These productivity losses impact the rail freight sector’s ability to compete with heavy vehicles that have much greater flexibility in the hours they can drive, and less stringent drug and alcohol testing requirements. This inhibits our sector’s ability to compete on a level playing field.”

“The rail industry has a strong track record of safe operations and a strong commercial incentive to promote a safer working environment.”

Industry has continued to invest in, and deliver, safer rail services with rail accidents and incidents continuing to trend down. In this environment, the ARA supports the current co-regulatory approach which supports risk-based approaches to rail safety.

The promise of national rail safety regulatory reform was built on a more efficient and effective regulator and more consistent laws and regulatory processes across jurisdictions. This is outlined in a series of regulatory impact statements prepared between 2008 and 2012.

“Whilst the National accreditation scheme has reduced compliance costs and changes to the accreditation processes for major projects has been beneficial, the work needs to continue for the promised benefits to be realised,” said Mr Broad.

“The Productivity Commission can play an important role in identifying how differences can best be resolved.”

“In the ARA’s view, for the full benefits of the Rail Safety National Law (RSNL) to be achieved, governments must give renewed emphasis to national consistency of approach, through structural reform to devolve appropriate power to the national regulator to enable the regulator to focus its effort on key risks.

“Improving the efficiency and effectiveness of rail safety regulation will improve the overall efficiency and productivity of the freight industry and the transportation system more generally which is of critical importance in Australia.”



## Summary of ARA recommendations

- Prescriptive approaches to managing rail safety impose unnecessary compliance costs on industry. Moreover, it prevents rail operators from improving the efficiency of their operations with no detriment to safety.
- The only effective way to manage rail safety risks is to focus on an individual Rail Transport Operator's (RTO) context. This requires a nationally consistent, non-prescriptive and co-regulatory approach.
- The establishment of ONRSR has led to some benefits. However, further benefits, including productivity benefits, could be generated by the regulator placing greater focus on improving safety through proactive action. This would include: sharing knowledge of trends in accidents and incidents; conducting research, collecting and publishing information relating to emerging rail safety risks; and assessing the effectiveness of existing regulations and ONRSR activities in order to identify where regulatory action is best focussed.
- The remaining inconsistencies in rail safety regulation arising from state-based derogations reduce the benefits of the national reform. The ARA strongly encourages the Commission to take the opportunity to further promote resolution of these differences, particularly in relation to fatigue and drug and alcohol variations.
- ONRSR's inability to resolve jurisdictional differences suggests it may not have been devolved sufficient responsibility from the States, Territories and Commonwealth to efficiently and effectively achieve its objectives. The Commission should further consider the governance arrangements around the role, objectives and independence of ONRSR, and its relationships with the Governments, and with RISSB.
- ARA is not convinced that the ATSB is effectively fulfilling its mandate to prevent the occurrence of future accidents and incidents, particularly given the lack of timeliness around its reporting.
- Opportunities exist to address excessive regulatory burdens imposed on rail which are reducing its competitive position and distorting transportation choices, which is driving more freight to travel by road even where this is inefficient. In addition to removing the variances in fatigue and drug and alcohol management, the following aspects of the rail safety regulatory regime should be further reformed to ensure rail is not unduly burdened:
  - rail safety worker definition
  - cost recovery from tourist and heritage operators
  - interface agreements.

See the full ARA submission [here](#).

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