

# Transport for NSW

Transport Heritage Subsidies and Grants Policy

July 2014



Transport  
for NSW

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## 1. Background and Purpose

To date, Transport for NSW (TfNSW) has subsidised transport heritage organisations by paying for their public liability insurance and national rail safety accreditation fees.

On 17 May 2013, the Minister for Transport released *All Aboard! A Fresh Start for Transport Heritage in NSW*, an independent review of the management of transport heritage in this state (the Review).

The Review made 10 recommendations aimed at supporting the heritage sector in the preservation of heritage assets and to increase its capacity to contribute to tourism and regional development in NSW.

The key recommendation of the Review was to establish Transport Heritage NSW (THNSW). The overarching responsibilities THNSW will have regarding transport heritage organisations are:

- Working with and supporting the organisations to preserve and manage heritage assets, recruit and train volunteers in their local area and promote heritage transport sites and events; and
- Working with the organisations to ensure they manage Government owned heritage assets in line with requirements under Custody Management Agreements (CMA).

The Review also identified that transport heritage organisations were able to bid for commercial contracts without necessarily being on a level playing field with competitors given their access to government subsidies. In this respect, the Review recommended that:

- TfNSW should develop a clear policy on subsidies to the rail heritage sector which reflects the proportion of a company's revenue which may be earned from commercial sources before the company loses its right to receive subsidies; and
- An Independent Funding and Advisory Panel (IFAP) should be established to award grants for small rail heritage related activities in which a minimum of the grants will go to smaller rail heritage organisations in NSW.

This policy paper has been prepared in response to these recommendations. The paper will first address TfNSW arrangements for heritage preservation works under CMAs. The following sections will cover the arrangements for public liability insurance and national rail safety accreditation fee subsidies and the transport heritage grants and funding program.

Any comments about this policy paper can be provided via email at [RailHeritageNSW@transport.nsw.gov.au](mailto:RailHeritageNSW@transport.nsw.gov.au) or to postal address:

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Please note that submissions for general comments will close on 31 July, 2014.

Any enquiries regarding this policy paper can be directed to Angela Adams, National Rail Policy Manager, Policy and Regulation on 8265 6935.

## 2. Custody Management Agreements for Government Owned Rail Heritage Assets

Government funding is provided to assist transport heritage organisations across NSW to preserve Government owned rail heritage assets that are in their custody under a CMA for the benefit of the community and future generations.

Under new arrangements, a Master CMA between TfNSW and THNSW sets out THNSW's obligations in maintaining NSW Government owned assets in its direct custody and also requires THNSW to oversee the management of assets held under the custody of other organisations also under CMAs. This is an oversight role only and Government owned assets managed by other transport heritage organisations will continue to remain under the custody of those organisations.

Under new arrangements, THNSW will administer the existing individual CMAs of transport heritage organisations that are custodians of NSW Government owned heritage assets, on behalf of TfNSW. THNSW's role in relation to CMAs will be to:

- Assist the custodians with identifying necessary heritage preservation and conservation work;
- Prioritise work plans submitted by custodians;
- Submit a Consolidated Heritage Work Plan to the IFAP which includes proposed works on assets in the custody of THNSW and the other smaller organisations; and
- Administer funding for the master work program.

THNSW will also manage the process of establishing any new CMAs in the event that a NSW Government heritage asset is transferred into the custody of an organisation without an existing CMA.

In practical terms, this means that THNSW will be the main point of contact for transport heritage organisations regarding NSW Government owned heritage assets under their custody.

As it is not always possible to deliver all heritage preservation and conservation projects within the available funding each year, funding will be allocated to heritage works which reflect high priorities according to the criteria in the Master CMA.

Once the IFAP is established, it will review the Consolidated Heritage Work Plan against the prioritisation criteria in the Master CMA. The IFAP will then either endorse the program or suggest amendments, funding limitations or conditions prior to its implementation.

THNSW and TfNSW will manage this process and be the main parties that interact with the IFAP. Although other heritage groups will not be formally required to work with the IFAP, they can request a review if they believe that certain issues may not have been appropriately considered by THNSW or there is a need for independent advice about an asset under their custody.

These arrangements will ensure that there is independent assessment of the work plans for THNSW and smaller organisations, providing fairness and equity in funding allocations to NSW Government owned heritage assets.

Some minor changes to CMAs with transport heritage organisations will need to reflect these new arrangements. No immediate action needs to be taken by organisations which have custody of NSW Government owned heritage assets. In the second half of 2014, THNSW and TfNSW will contact the organisations with NSW Government owned heritage assets to explain the process that will be followed to transition to the new arrangements and update the CMAs.

### 3. Subsidies for Transport Heritage Organisations

Currently TfNSW subsidises transport heritage organisations by paying public liability insurance up to \$200 million for each operator with access to the NSW main railway network. Under this arrangement, the first \$10 million of insurance is paid by the transport heritage organisations with the remaining being subsidised by TfNSW. TfNSW also subsidises rail safety accreditation fees with the Office of the National Rail Safety Regulator (ONRSR).

In 2013/14, the insurance premium for heritage operators was approximately \$440,000 and the total cost of accreditation fees was approximately \$65,000.

**This paper proposes to continue the above NSW Government subsidies for heritage related activities.**

TfNSW characterises heritage related activities for the purpose of public liability insurance and accreditation fee subsidies as follows:

*Activities of a transport heritage organisation which directly involve the care, management or preservation of heritage assets, the promotion of transport heritage to the community, the education of the community about transport heritage or the operation of transport heritage passenger services.*

Heritage related activities may include the operation or promotion of heritage passenger services for the NSW community, maintenance and restoration of rollingstock and display of rollingstock in museums with public access. Other heritage activities may include the hire of museums for functional purposes and educational school tours at transport heritage museums.

The Review raised concerns that in addition to these activities, some organisations were also conducting commercial (non-heritage related) activities which in some instances appeared to be a significant part of their business. The Review found that as subsidy recipients, these operators had an advantage over other potential bidders required to pay commercial rates for insurance and accreditation.

This “unlevel playing field” was considered anticompetitive and as such the Review recommended that organisations with predominant commercial activities should not receive Government subsidies.

**It is proposed that while transport heritage organisations remain free to pursue commercial activities as they see fit, non-heritage related commercial activities will not be subsidised by the NSW Government.**

TfNSW characterises commercial non-heritage related activities for the purpose of public liability insurance and accreditation fee subsidies as follows:

*Activities which place a transport heritage organisation in direct competition with commercial non-heritage rail operators that do not receive subsidies from the NSW Government.*

Non-heritage commercial activities may include the movement of non-passenger rollingstock, hauling freight, contracting out train crews to commercial operators or the movement of work trains.

#### 3.1 Public Liability Insurance

To ensure Government subsidies continue to support the operation of rail heritage services for the community and do not result in any unintended consequences for commercial rail activities, it is proposed that TfNSW will clarify the insurance premium to focus exclusively on heritage related activities.

The public liability insurance broker currently used by TfNSW requires transport heritage organisations to complete a questionnaire to assist in determining the types of business activities to be covered under the insurance. To give effect to the proposed arrangement, this questionnaire will be revised to determine whether the transport heritage organisation conducts non-heritage related activities.

As is the case now, transport heritage organisations will still need to finance their own first \$10 million of insurance cover. The insurance broker will communicate with organisations about their eligible level of insurance subsidy cover along with any potential non-heritage related activities they may need to insure themselves. The broker will then issue a Certificate of Currency to each transport heritage organisation which states the level of cover for heritage related activities only.

Any activities that could potentially fall outside the definition of heritage related activities will need to be discussed with the insurance broker and TfNSW to determine whether they are within scope of the policy. If organisations do not do this, there may be a risk that they would need to bear the costs or losses of any damage associated with an incident arising from non-heritage related activities.

### 3.2 National Rail Safety Accreditation Fees

Prior to the establishment of the National Rail Safety Law, transport heritage organisations with operations on the NSW railway network were charged a nominal rail safety accreditation fee of between \$100 and \$500 under the NSW Rail Safety Act 2008. With the introduction of nationally consistent fees, transport heritage organisations are now charged a flat fee of \$2,000 plus a variable fee based on the train kilometres travelled and access to track kilometres. This has resulted in accreditation fees increasing to between \$2,000 and approximately \$6,000 annually.

To alleviate price shock, particularly for the smaller organisations, the NSW Government will subsidise rail safety accreditation fees for transport heritage organisations which primarily focus on heritage related activities, consistent with the previously discussed definition.

The determination of the eligibility for accreditation fee subsidies will be based on the public liability insurance questionnaire.

Subsidies will be subject to review by TfNSW when there are changes in costs of the accreditation fees made by ONRSR. At present, it is uncertain what changes, if any, will be introduced as ONRSR is shortly to commence a review of the cost recovery model. However, TfNSW will communicate with the organisations if changes made by ONRSR will affect rail safety accreditation fees for transport heritage organisations operating rail services.

#### 4. Transport Heritage Grants and Funding Program

The aim of the Transport Heritage Grants and Funding Program is to support the sector by allocating small grants to transport heritage organisations and rail heritage groups throughout NSW.

The grants will be made available for projects to preserve, conserve and promote NSW rail heritage and educate the community about rail heritage. It may provide financial assistance for research and publications on the people, culture, events and other historical highlights of NSW rail heritage as well as tourism and maintenance projects involving both Government and non-government owned rail heritage assets.

TfNSW is exploring whether the Royal Australian Historical Society (RAHS) can assist with the design of the grants and funding program. RAHS currently administers similar grants programs on behalf of Arts NSW and the Office of Environment and Heritage. The advantages of working with RAHS in designing the grants and funding program include:

- Better understanding of the individual needs of organisations given the extensive experience with small grants; and
- Familiar with the grants design and administration requirements and processes.

TfNSW will collaborate with RAHS to establish goals, criteria and conditions for the transport heritage grant and funding program. Once this has been finalised, TfNSW will communicate with THNSW and the rail heritage sector about how the program will be delivered. Funding levels will be determined as part of this process.

It is expected the grants and funding program will formally commence in the 2015/16 financial year, with an application process expected to open in the first half of 2015.

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