

PATRICK RAIL OPERATIONS



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May 21, 1999.

Ms Helen Owens
Presiding Commissioner
Progress in Rail Reform
Productivity Commission
LB2 Collins Street East
MELBOURNE, VIC 3000
Fx : 03 9653 2302

Dear Ms Owens,

RE : DRAFT REPORT - PROGRESS IN RAIL REFORM

With reference to the submission made by the Land Transport & Safety Division's Mr Greg Ford, dated 18 May 1999, whilst not wishing to get into a discussion on the philosophies espoused by Mr Ford on behalf of the Australian Accreditation Authorities, I must say that I am concerned at some of the views that are presented in his submission, particularly in regard to Patrick Rail.

Mr Ford seems to believe that ALL organisations seeking accreditation are age old operators in the rail industry, no doubt steeped in tradition and documentation regarding the nuts and bolts of railway operation and safety. He seems to overlook the fact that the Government's policy is to bring competition and new entrants to the field of rail operations, possibly with the intention of challenging the previous methods and procedures and with the intention of providing a rail service that is truly customer focussed and commercially driven. This does not mean that safety is compromised by new comers, but simply that it takes some time to adapt the commercial safety mores to the rail environment.

In Patrick's submission to the commission we were at pains to point out that we decided to enter the rail industry at a time when the legislation relating to accreditation was at different stages in each state and had different requirements in each state. This fact, plus the need to adapt Patrick's rigorous waterfront safety policies to ensure they properly addressed AS4292 and the various requirements of each state, contributed to the long time frame in our particular accreditation process. Mr Ford's statement that the example from Patrick is poor, indicates that he has little understanding of the difficulties and time required for a NEW entrant to embark on a rail venture commencing three years ago.

Mr Ford's insinuation that the dates are not factual in Box 8.1, page 169, are disturbing. We certainly have no problem with the Commission verifying these dates. There is no inference on our part that the time periods are exclusively due to delays by the Safety Authorities. By the same token, whilst Mr Ford may state that any "professional organisation" would have all the required safety documentation and insurances to run a railway and would therefore not incur extra cost to apply for accreditation, he appears to miss the point that new entrants have these procedures and information, but need to adapt them for the rail industry. Patrick is an extremely professional and safety conscious company and for Mr Ford to infer otherwise shows his total lack of understanding of what is required for a new entrant to prepare to enter and become accredited in the rail industry.

In relation to Mr Ford's comment that "the last paragraph on page 168 says that Patrick's costs exclude fees but it is clear from the table on page 169 that fees are included" indicates that Mr Ford did not read clearly, nor understand, what was said by the Commission and by Patrick Rail. The statement by the Commission was that the cost of the process for Patrick was in excess of \$40,000 excluding accreditation fees. This is correct. If you add the costs each year excluding the accreditation fee as shown in Box 8.1 it comes to \$40,500. The accreditation fee and annual fee are extra again. Possibly the Commission should change Box 8.1 to show the total of prior years costs as \$40,500 and show the Fees as a separate item below, so that Mr Ford can see and understand the Commission's statement.

Mr Ford, (his page 8, last 2 paragraphs), in relation to Patrick's costs, again shows a lack of understanding of the process a NEW entrant has to negotiate to start up a rail company and introduce a new rail service. The costs stated, certainly do not include training and regular safety policy procedures. The costs are clearly stated as estimates of the the cost for preparing submissions to the Accreditation Authorities and attending meetings and audits with those authorities. These are clearly costs attributed to the accreditation process. If Patrick Rail were to claim ALL costs associated with safety, training, insurance issues etc, there would be much grander figures than the ones shown. Hence, Mr Ford should retract his statement, "Surely Patrick are not claiming..... that this is ample evidence of why the accreditation process is required", because Patrick does not claim that and Mr Ford's "if" statement therefore does not apply.

Also, page 8 second last paragraph, "The following two examples of these claimed accreditation costs....", is a further statement that shows that Mr Ford has misread Box 8.1. The two examples stated are "Key Milestones" in the saga of the time frame for seeking accreditation, not accreditation costs.

Mr Ford's comment on his page 9, second paragraph, relating to the Patrick example distorting the reality, again demonstrates that Mr Ford has no concept of what lies ahead of a NEW entrant. If Patrick Rail were a Government, or ex Government railway, there is little doubt that he would be correct. To seek accreditation under the regimes of the last two years, Patrick Rail, the *established railway*, would be able to trot out reams of rail safety procedures, using its excess clerical staff to dig out every bit of information to meet the requirements of the accreditation authorities. However, reality is that at the sharp end of the commercial world, to start up and operate a profitable railway, these procedures have to be established with minimal resources and to high quality and safety standards, to ensure the operating company is satisfied that the new venture meets its own rigorous requirements that can then be applied to the rail standards.

I have no doubt that Mr Ford's defence of the accreditation process is well intentioned, in fact, we have stated that we agree with an accreditation process. What is not required is a bureaucratic, policeman approach by Departments of Transport. The rail industry is being reborn under the Hilmer credo by private enterprise, new entrants and a self regulatory framework. Safety will not be compromised because to do so would be counter-productive for any commercial enterprise.

I trust that Mr Ford is able to learn of the difficulties facing NEW entrants and that he and his departments can be constructive in taking action to streamline the procedures whilst safeguarding the industry and its customers.

If you require further information, please do not hesitate to call.

Yours Sincerely

Gary Camp
General Manager Rail.