

IPART ANNOUNCES RECOMMENDED FEES FOR MAJOR HAZARD FACILITIES

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Sydney: May 25, 2009: The Independent Pricing and Regulatory Tribunal (IPART) today released its final report on a schedule of recommended fees to fund the activities of WorkCover's Major Hazard Facilities Unit.

Major Hazard Facilities (MHFs) are sites that store, handle or process specific hazardous material above certain quantities at oil refineries, chemical plants, large chemical warehouses and LPG, gas and fuel depots within large and medium sized businesses.

The recommended fees, if implemented, would recover the costs of the MHF Unit over five years from an estimated 21 operators of 35 MHFs predominately in Western Sydney and Port Botany, with the remainder in regional New South Wales.

IPART recommends a combination of a fixed annual fee that recovers all non-registration costs and a variable fee that recovers all registration stage costs based on an hourly rate should be introduced.

All MHF's will pay a truncated base fee of \$28,500 in 2008/09 to reflect the fact that initial notification was not required until part-way through the year. An "average" MHF will be charged a base and variable fee of \$62,380 in 2009/10. The hourly fee will be \$97 in 2009/10 rising to \$102 in 2012/13.

The cost of operating the MHF Unit efficiently is estimated to be \$2.1 million in 2008/09 rising to \$2.3 million in 2012/13.

IPART's Chief Executive Officer, Mr. James Cox said, "Regulation is required because a serious incident at a major hazard facility could harm workers and the community. IPART's recommended fees will recover only the costs of operating the MHF Unit efficiently."

Mr. Cox said that the annual base fee is expected to recover 65 per cent of MHF Unit's costs with the variable fee expected to recover the rest.

"The largest number of MHFs is in the plastics and chemical industries with just over a third in the utilities industry including LPG and gas suppliers, and a fifth in logistics such as storage and warehouse, and three in petroleum," he said.

MHF operators will be required to prepare hazard risk assessments, an emergency plan, a security plan and a safety report, and develop a safety management system.

Mr. Cox said each state and territory had varying fee structures. IPART used Victoria's MHF regulator as the most useful benchmark in establishing staffing numbers and efficient costs for the NSW Unit.

Mr. Cox said that IPART has recommended that red tape can be reduced with a change in the re-notification requirements faced by potential MHFs. IPART also recommended that the MHF Unit should publish indicators of its performance annually and consult with the Department of Planning to avoid any duplication of reporting requirements.

The amendment to the Occupational Health and Safety Regulation which created the Major Hazard Facilities provisions came into effect on October 13, 2008. The amendment follows the National Standard which recommends that a single public authority should be responsible for ensuring that all Major Hazard Facilities meet their safety and security obligations.

The Report on the *Review of Fees for Regulating Major Hazard Facilities in NSW* is available on IPART's website at <<http://www.ipart.nsw.gov.au>>.

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