



NSW Legislative Council Hansard

Mine Safety (Cost Recovery) Bill

Extract from NSW Legislative Council Hansard and Papers Tuesday 29 November 2005.

Second Reading

The Hon. IAN MACDONALD (Minister for Natural Resources, Minister for Primary Industries, and Minister for Mineral Resources) [9.51 p.m.]: I move:

That this bill be now read a second time.

I seek leave to have my second reading speech incorporated in *Hansard*.

Leave granted.

This government has consistently promoted the goal of zero deaths or serious injuries in the mining industry in New South Wales.

Its commitment to this goal was first highlighted when it undertook an independent review into mine safety in 1996, and accepted all the review's recommendations to improve mine safety.

In 1998, this commitment was further emphasised with the acceptance of all the safety recommendations from the inquiry which followed the Gretley coal mine disaster.

The outcome of these two reviews has led to great changes in the way mining is conducted in this state.

Safety has become a central aspect of what mining is about in New South Wales.

It is about the building of a culture of safety so that our fifteen thousand mine workers come home safely at the end of each day's work.

The good work of employers, workers and government has seen a significant drop in the numbers of deaths and rates of injury in recent years.

It is gratifying to report these improvements—however, this government is still determined to have a mining industry that is free of fatalities and serious injuries.

To meet this goal, the government asked the former Premier, the Honourable Neville Wran, QC, to review the progress we are making on mine safety.

The government also asked him to see what else needed to be done to have a truly safe industry.

The review acknowledged the significant improvement in the industry's safety performance.

At the same time, it made clear that the journey to a totally safe mining industry is not yet complete. To map out that journey, the review made thirty one wide-ranging recommendations.

The review recommended that the role of the Mine Safety Advisory Council be enhanced.

The Mine Safety Advisory Council is constituted under the *Mining Act 1992*. It is made up of representatives from industry, unions and government.

The review calls for independent occupational health and safety experts to be included on the Council, and for top level representation from its present core groups.

The review recommends that the Council should have the tools and resources to drive the new reform agenda for mine safety.

Further, it calls for the Council take forward examination and progression of mine health and safety issues.

These recommendations on the Mine Safety Advisory Council are pivotal, with the potential for far-reaching improvements to mine safety.

The government has accepted the Wran review recommendations.

A second key review recommendation is to form a Board of Inquiry. The Board is to examine the issue of safety enforcement policy and implementation.

It will look at the adequacy of the current enforcement policies.

Further, it will develop a strategic approach to enforcement with a view to long term improvement in industry health and safety performance.

The Board of Inquiry will also consider the role, resourcing and training of the safety Inspectorate of the Department of Primary Industries, and look at the sanctions available to it.

Implementing these recommendations will lead to significant changes in the mine safety framework of New South Wales.

Other significant recommendations from the review, such as those relating to fatigue and hours of work, are to be referred to the Mine Safety Advisory Council to consider and progress.

The Department of Primary Industries is also specifically tasked with implementing several recommendations. These relate to the preparation and implementation of safety and health Regulations, and the benchmarking and improvement of safety data systems to international best practice.

They also include the Department being given responsibility for identifying, monitoring and reporting on mine health hazards.

As well, it will undertake monitoring of contractor management and a major audit of its performance and compliance with new legislation.

The review recommends that the Inspectorate also regularly monitor and audit the implementation of industry's mine risk management plans and safety management systems.

An innovative part of this work will be a requirement to consult with the workforce during that process.

This government will ensure that the review recommendations are addressed.

The review calls for a levy on mining industry employers to provide the means to implement the recommendations.

The Mine Safety (Cost Recovery) Bill 2005 enacts legislation for a levy to cover the costs of implementing the recommendations.

As well as covering these costs, the levy will cover the Department of Primary Industries' costs in relation to regulating mine safety.

Other industries in New South Wales currently pay all the costs of their workplace safety regulation through the WorkCover scheme.

This proposed safety levy means that the mining industry will pay its way like other industries.

The cost of regulating mine safety and implementing the Wran recommendations is estimated to be at least thirteen and a half million dollars per year.

Until now, the government has provided the majority of the financial resources to support the mine safety functions of the Department of Primary Industries.

We know the community expects that industry will strive to improve the safety record of every mine site.

However, the community also expects that industry will pay its share of the cost of regulating and improving mine safety.

The mining industry is in a good position to pay the levy. In 2004-2005, the value of mineral production in New South Wales is expected to be more than \$9 billion.

The levy is estimated to add around a mere eleven cents a tonne to costs in producing coal. To demonstrate this in terms of its impact on coal profits, let me give you some figures from 2004-2005.

Average free-on-board cash costs at New South Wales coal mines are between forty and forty five dollars a tonne.

In comparison, the average price for export thermal coal prices in 2004-2005 was a little over sixty one dollars a tonne. For export hard coking coal the price was over eighty-three dollars a tonne.

Clearly the mining industry can afford to pay the costs of regulating and improving mine safety.

The safety levy will apply to the mining, oil, gas and extractive industries.

The levy will be modelled on the other levies in place in the workers' compensation system.

The Dust Diseases Levy is one of these, a practical and sensible model which can be applied across the mining industry.

This levy is currently collected from employers in relevant industry sectors through Work Cover Is scheme agents. It is also paid by some self-insurers.

The Dust Diseases Levy is charged as a small percentage of an employer's wages bill. The mine safety levy will be based on this model, with details to be settled with industry.

The levy will begin operation in the first half of 2006, once these administrative details have been settled.

A further point of similarity with the Dust Diseases Levy is the levy collection system.

The Dust Diseases Levy is added to relevant workers' compensation premiums and collected when these premiums are paid.

A similar system will be adapted and used across the mining industry by WorkCover. Coal Mines Insurance, a separate specialised workers' compensation insurer, will implement a similar system for the coal industry.

By using these well established systems, this new levy will be collected efficiently and effectively and will minimise extra costs.

It is intended that the WorkCover and Coal Mines Insurance collection system will use existing methodologies for defining who is an employer and who is a worker. If there are changes in this system, levy arrangements will be adjusted accordingly.

I now turn to the Bill itself.

The mining industry can be assured that the money it contributes to mine safety regulation will be used only for that purpose.

In Clause 5 of the bill, a Mine Safety Fund is proposed, into which all levies will be paid.

Clause 7 of the bill sets out that funds will only be spent on the Department of Primary Industries' regulatory mine safety functions and the costs associated with them.

The Director-General may, under Clause 8, invest the monies in the fund.

These provisions ensure transparency and accountability in how government manages the fund.

Industry also needs to know, Madam President, how the levy amount is decided each year.

In Clause 9, the bill provides for the Director-General of the Department of Primary Industries to estimate the Department's mine safety costs each year.

That estimate will take into account any surplus or deficit from the previous year, and adjustment will be made accordingly to the total to be levied.

This estimate will be passed to the Mine Safety Advisory Council, which will have a high-level oversight role in advising the Minister.

The Council will provide policy and strategic advice on the mine safety functions of the Department of Primary industries.

The Council's representation makes it a good sounding board for advice to the Minister.

The Council will report to the Minister on the levy estimate, and the Minister will be responsible for approving the

amount to be raised.

Under Clause 10 of the bill, the Director-General will determine the insurers and classes of insurers who will make contributions to the levy fund.

The Director-General will also determine the contributions to be made by these insurers or classes of insurers, and when they are to be paid.

These provisions will make it clear for those raising the levy what is expected of them. WorkCover will play an important part in raising the levy through its established premium collection systems.

Clause 12 of the bill allows for arrangements to be made with WorkCover. These arrangements cover such issues as exchange of information on practical matters, contributions from specified insurers, notification of amounts to self insurers and debt recovery.

The bill includes proper safeguards in how industry's levy contributions are assessed each year and how the levy funds are managed.

This is responsible legislation for a very important purpose. I commend the bill to the House.