

Fact sheet

Mine and Petroleum Site Safety Levy

December 2022

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What is the levy?

The Mine and Petroleum Site Safety Levy is a NSW Government levy collected to pay for health and safety regulation of the state's mining workplaces. The *Mine and Petroleum Site Safety (Cost Recovery) Act 2005* (the Act) establishes the Mine and Petroleum Site Safety Fund. Contributions to the fund are commonly referred to as the levy, although the word 'levy' is not used in the Act.

When did the levy start?

The fund was established under the Act and commenced in 2005.

Why was it introduced?

The 2005 NSW Mine Safety Review (the Wran review) recommended the introduction of a levy on mining industry employers to cover the costs of regulating mine safety and implementing the 31 recommendations of the review.

Who pays the levy?

Employers in the mining industry, who have obligations for the health and safety of workers in NSW, pay the levy. The coal, metalliferous and extractive industry sectors, and the oil and gas and explorations industries contribute to the fund. The levy is collected through workers compensation insurance premiums by Coal Mines Insurance (CMI) for the coal sector and by icare or mining industry self-insurers for the non-coal sector.

The *Coal Industry Act 2001* requires employers in the NSW coal industry to obtain workers compensation insurance with CMI. All CMI policyholders with wages declared in the underground mine, open cut mine, operational mining services – onsite, and operational mining services – offsite risk categories are subject to the levy. Wages declared in the administration categories are exempt.

For the non-coal sector mining industry, employers are identified under a Workers Compensation Industry Classification (WIC) code in Division B Mining – WIC Codes 120000 to 152000 which includes (but is not limited to) iron ore mining, copper mining, gold mining, mineral sand mining, gravel and sand quarrying, construction material mining, petroleum exploration and mineral exploration.

Fact sheet

How is it calculated?

The amount of the levy is estimated by the Resources Regulator each year and approved by the Minister. The levy is determined by the planned program and budget for mine safety regulatory activities to be undertaken by the Resources Regulator for the relevant period, funds carried forward from the current financial year and the residual balance of the fund.

How is the levy applied?

The levy is collected at the same time as workers compensation premium notices are issued in NSW. Employers in the icare scheme with wages in the mining industry contribute to the Mine Safety Fund through an adjustment to their workers compensation premium. The fund premium adjustment amount appears as a separate amount on the premium notice. The fund rate (known as the mine safety premium adjustment) is set annually and is published in the Insurance Premiums Order. The fund premium adjustment amount appears as a separate amount on the premium notice. The fund rate (known as the mine safety premium adjustment) is set annually and is published in the Insurance Premiums Order, or is set by the Coal Services Board for those covered by CMI.

What is the levy used for?

Under the Act, the fund can only be used to meet specified expenses incurred through:

- regulatory activities connected with mine safety legislation
- administration or execution of mine safety legislation
- administration related to the fund.

Mine safety legislation includes:

- *Mine and Petroleum Site Safety (Cost Recovery) Act 2005*
- *Work Health and Safety (Mines and Petroleum Sites) Act 2013*
- *Work Health and Safety Act 2011* to the extent that it relates to mines
- *Petroleum (Onshore) Act 1991*, to the extent that it relates to work health and safety requirements
- *Explosives Act 2003*
- *Radiation Control Act 1990*

The NSW Resources Regulator is responsible for regulating safety and health performance at NSW mines and petroleum sites. It works to ensure a safe, sustainable and innovative mining, extractive and petroleum industry and to support industry to understand and meet its regulatory obligations. The Resources Regulator takes a proactive approach to ensure that critical controls are in place, and to promote a safe and responsible industry through targeted assessment programs, planned inspections and targeted intervention programs.

The activities undertaken by the Resources Regulator through the levy include:

- assessing, investigating and verifying safety systems, processes and standards
- investigating accidents and incidents to provide information on lessons learnt and to increase awareness and contribute to a better understanding and management of safety hazards and risks in mining operations
- collecting, reporting and disseminating mine safety data and information
- providing specialised technical and engineering services
- providing information to duty holders and undertaking education campaigns
- authorising activities, equipment, materials and substances for use.

Fact sheet

Governance

The fund is public money and is subject to the same legislation and controls as funds the Consolidated Fund, including the *Public Finance and Audit Act 1983*. Procedures are in place to ensure the Mine Safety Levy is determined and administered in accordance with the requirements of the Act. An annual report providing an overview of payments made from the fund is published on the department's website. This is required under the Mine and Petroleum Site Safety (Cost) Regulation 2013.

Review

An independent review of the levy was undertaken in 2017 to investigate the determination and administration of the levy and make recommendations on improvement to the management and expenditure of these funds.

The recommendations of the review are being implemented by the Resources Regulator.

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