

INFORMATION SHEET

Mine Safety Levy

September 2014

What is the Mine Safety Levy?

The *Mine Safety (Cost Recovery) Act 2005* establishes the Mine Safety Fund. The contributions to the fund by mining industry employers are commonly referred to as the *Mine Safety Levy*, although the word 'levy' is not used in the legislation. Effectively it is a fee charged by the NSW Government to pay for health and safety regulation of the state's mining workplaces.

When did the levy start?

The *Mine Safety (Cost Recovery) Act 2005* established the Mine Safety Fund in December 2005. The legislation followed the NSW Mine Safety Review (the Wran review) provided to the government in February 2005.

Why was the levy introduced?

The Wran review recommended that the Mine Safety Advisory Council (MSAC) be resourced appropriately to carry out its charter and work program. A levy was favoured in order to provide financial independence for MSAC, together with the capacity for MSAC to engage independent advisory consultants as required. It was noted a levy might also be used to enhance inspectorial resources.

The Wran review made 31 recommendations to further improve mine safety. The levy will fund the implementation of the 31 recommendations from the Wran review and the safety functions of the department in relation to mining, together with the administrative costs of collection.

Who pays the levy?

The levy applies to employers in the mining industry who have obligations under the mine safety legislation for the health and safety of workers.

The levy is collected by the workers compensation insurers of mining industry employers and transferred to NSW Trade & Investment.

The coal, metalliferous and extractive industry sectors, as well as the oil and gas and explorations industries in NSW all contribute to the Mine Safety Fund.

For the non-coal sector this includes mining industry employers who are identified under a WorkCover Industry Classification code (WIC) in Division B Mining – WIC Codes 120000 to 152000.

All employers in the NSW coal industry are required by the *Coal Industry Act 2001* to obtain workers compensation insurance with Coal Mines Insurance Pty Ltd (CMI). Therefore, employers who meet the definition of 'mining industry employer', and who insure with CMI are required to pay the levy.

How is it calculated?

A business planning process and budget model underpins the determination of the annual mine safety budget.

When determining the Mine Safety Levy estimate, the department considers the planned mine safety program and related budget for the relevant period, any funds to be carried forward from the current financial year and the residual balance of the mine safety fund.

How is it applied?

The amount of the levy is estimated by the department each year and is collected at the same time as workers compensation premium notices are issued in NSW.

Employers in the WorkCover Scheme with wages in the mining industry contribute to the Mine Safety Fund through an adjustment to their workers compensation premium. The Mine Safety Fund premium adjustment amount appears as a separate amount on the premium notice.

The Mine Safety Fund rate (known as the mine safety premium adjustment) is set annually and is published in the Insurance Premiums Order.

If you are covered by CMI, you currently receive a separate invoice for the levy at the same time as you receive your premium notice.

What is the levy used for?

The Secretary of NSW Trade & Investment is the work health and safety regulator for the mining and extractives industries. The mine safety program (Mine Safety) regulates to meet community and government expectations for the health and safety of mine workers.

The Mine Safety goal is to improve the safety performance and culture of the mining industry. Mine Safety achieves this through:

- regulatory activities such as assessments, investigations and verification of safety systems, processes and standards
- the investigation of 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
- the collection, reporting and dissemination of 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.

Mine Safety works closely with employers, employees, other government agencies and the community to promote best practice in the area of mine safety and to achieve the government's aim of zero fatalities in the mining industry.

Through a range of forums Mine Safety works with industry stakeholders to develop risk management programs and guidelines and promotes best practices in health and safety management.

How can the community be sure levy funds are only used for mine safety purposes?

The *Mine Safety (Cost Recovery) Act 2005* says the fund can only be used to meet specified expenses incurred by NSW Trade & Investment in carrying out:

- regulatory activities connected with mine safety legislation
- expenses incurred in the administration or execution of mine safety legislation
- administrative expenses related to the levy fund.

The mine safety legislation includes the:

- a. *Mine Safety (Cost Recovery) Act 2005*
- b. *Work Health and Safety Act 2011* to the extent that it relates to mines
- c. *Coal Mine Health and Safety Act 2002*
- d. *Mine Health and Safety Act 2004*
- e. *Petroleum (Onshore) Act 1991*, to the extent that it relates to work health and safety requirements
- f. *Explosives Act 2003*
- g. *Radiation Control Act 1990*

The Mine Safety Fund is public money and is subject to all the same legislation and controls, including the *Public Finance and Audit Act 1983*, as funds from the Consolidated Fund.

A number of procedures have been put in place to ensure the mine safety levy is determined and administered in accordance with the requirements of the Act.

In addition, the *Mine Safety (Cost) Regulation 2013* now requires the Secretary to prepare and to publish on the department's website an annual report providing an overview of payments made from the Fund.

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