Queensland Government

Queensland Treasury

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Dear Ms Anderson

Decision Regulatory Impact Statement – Facilitating High Reliability Organisation behaviours in Queensland's Resources Sector and Modernising Regulatory Enforcement

Thank you for your enquiry of 27 March 2023 seeking advice on the adequacy of the 'Facilitating High Reliability Organisation behaviours in Queensland's Resources Sector and Modernising Regulatory Enforcement' Decision Regulatory Impact Statement (RIS).

Background

Resources Safety and Health Queensland (RSHQ) notes that since 2000 there have been 55 fatalities in the mining and quarrying industry. While this represents a significant reduction in fatalities compared to pre-2000, no further improvement has been evident. Independent reviews in relation to safety and health in the resources sector have recently been undertaken including:

- a review of all fatal accidents in Queensland mines and quarries from 2000 to 2019 by forensic structural engineer Dr Sean Brady (Brady Review)
- a Board of Inquiry into coal mining safety incidents as a result of:
  - a serious accident at Grosvenor mine where five coal mine workers were seriously injured
  - 40 methane exceedances at Grosvenor and other mines.

RSHQ notes that both reviews made several findings and recommendations to improve safety and health.

Proposal

In the Consultation RIS (CRIS), RSHQ outlined a package of 21 proposals to amend legislation regulating safety in mining, including (but not limited to):

- additional competency requirements for key critical safety roles for coal mines and for those left in charge during absences
- provisions to support compliance and enforcement of the continuing professional development (CPD) framework
- implementation of critical (safety) controls
- the use of Site Safety and Health Committees in coal mining (as in other mines and under Workplace Health and Safety legislation)
- more flexible enforcement instruments

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- improved data and incident reporting and information sharing
- refining industrial manslaughter provisions
- aligning the court jurisdiction for prosecutions.

Following consultation, RSHQ has made the following changes to the original recommendations in the CRIS:

- extending the competency framework to also include the electrical engineering manager position in surface coal mines
- extending the timeframe to meet the new competency requirements from three to five years
- expanding the safety positions that must meet an on-site requirement – which is expected to lead to a minor increase in costs for some mines in providing cover for absences.

Accordingly, RSHQ has revised the CBA for competencies. The net present value (NPV) of (ten-year) costs associated with competencies has been revised from $3.9 million to $5.4 million to reflect longer lead in times for the proposal (from three to five years, delaying costs) and the inclusion of the surface mine electrical site manager position (increasing costs). The potential benefits following transition have been modelled based on reduced fatalities (by 20 per cent), injuries (by 2 per cent) and resulting stoppages, for an estimated net present value of $67.1 million (over the ten-year period). Most of these benefits arise from avoided production shutdowns following fatalities (over 80 per cent of the benefits).

RSHQ has also estimated the expected annual impacts to the industry of the compulsory CPD framework (close to $3.8 million annually). While those annual costs are greater than for the proposal for competency requirements, there was little industry opposition to making CPD compulsory (which mirrors NSW CPD requirements).

For the other proposals the costs and benefits were qualitatively assessed. Those proposals have been previously assessed as not requiring further regulatory impact analysis – but were included in the CRIS to provide for additional consultation.

Consultation

RSHQ received 34 submissions to the CRIS, including from mining operators, unions and individuals with mining experience. RSHQ also undertook several workshops with industry to raise awareness of the proposals. The DRIS accurately portrays feedback in submissions. For several proposals, mining operators requested greater detail on the amendments, which they considered limited their ability to provide feedback on the expected impacts of the proposals. The DRIS indicates that further consultation will be undertaken with the industry on the draft amendments.

Assessment

In undertaking its assessment of a RIS, the Office of Best Practice Regulation (OBPR) has regard to the requirements of the Queensland Government Guide to Better Regulation (the guidelines).

The Decision RIS provides a clear indication of the expected costs of the more significant proposals. The expected benefits from reduced harm are difficult to determine but the modelling used in the CRIS received limited stakeholder feedback on the suitability, or otherwise, of the analysis. That analysis, for certificates of competency, indicates benefits which exceed costs, with net benefits which are greater than the alternatives considered.

The Decision RIS adequately reflects stakeholder feedback. For some proposals industry feedback on expected impacts was limited by uncertainty over the compliance requirements. The undertaking in the DRIS to further consult with industry on the wording of the proposed amendments will ensure that unintended consequences and unexpected costs are avoided in implementation. The extension in the transition period from three to five years will also assist in this regard.

The OBPR has assessed the Decision RIS under the guidelines and considers it provides an adequate basis for decision makers to assess the proposed options.

Please contact Brian Johnson, Senior Economist, on (07) 3035 3471 if you require additional information or guidance concerning the above comments or the guidelines in general. Please note that in accordance with Cabinet Handbook requirements, this letter of advice should be attached to relevant Cabinet submissions.

Yours sincerely



Dr Karen Hooper
Head – Office of Productivity and Red Tape Reduction

14 April 2023