



## COVERSHEET

<b>Minister</b>	Hon Michael Wood	<b>Portfolio</b>	Workplace Relations and Safety
<b>Title of Cabinet paper</b>	Approval to adjust major hazard facilities fee and levy rates	<b>Date to be published</b>	3 April 2023

### List of documents that have been proactively released

<b>Date</b>	<b>Title</b>	<b>Author</b>
February 2023	Approval to adjust major hazard facilities fee and levy rates	Office of the Minister of Workplace Relations and Safety
27 October 2022	Cost Recovery Impact Statement: Recovering the regulatory costs for major hazard facilities	MBIE
15 February 2023	DEV-23-MIN-0005 Minute	Cabinet Office

### Information redacted

### YES / NO

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

## In Confidence

Office of the Minister for Workplace Relations and Safety

Cabinet Economic Development Committee

## Approval to adjust major hazard facilities fee and levy rates

### Proposal

- 1 This paper seeks approval to adjust the fee and levy rates charged to major hazard facilities operators, to recover the costs of WorkSafe New Zealand's regulatory activity in overseeing the major hazard facilities regulatory regime and support safety outcomes.

### Relation to government priorities

- 2 This proposal does not relate to a specific government priority. It is a legislatively scheduled review of major hazard facilities fee and levy rates.

### Executive Summary

- 3 The higher costs of regulating major hazard facilities that store large amounts of hazardous substances are recovered directly from these operators through fees and levies, to cover the additional costs of WorkSafe's regulatory oversight.
- 4 A review of major hazard facilities fee and levy rates (first set in 2016) has found that they are no longer set at the right level to fully recover the expected future costs of regulatory oversight. The review found a three-fold problem for both fee and levy rates:
  - 4.1 A surplus of \$2.544 million has built up in the levy memorandum account and a surplus of \$0.988 million in the fee memorandum account, as WorkSafe's regulatory costs over the last five years have been lower than originally estimated in 2016, when the major hazard facilities fees and levies were first set.
  - 4.2 Forecast regulatory costs over the next five years will no longer match the revenue that is forecast to be collected by the current fee and levy rates as originally set in 2016 – some rates are set too high, and some are set too low compared to the expected future costs of WorkSafe's regulatory activity.
  - 4.3 There is cross subsidisation amongst fee and levy payers (where the underpayment by some Types of facilities is covered by the overpayment by other Types of facilities) both over the last five years and expected to continue under the current rates.
- 5 I propose adjusting the fee and levy rates to:
  - 5.1 return the current surpluses to fee and levy payers through applying a discounted fee or levy for a period of time

- 5.2 match the rates to the expected costs of WorkSafe’s regulatory activity, ensuring that the memorandum account balances track to zero over time, without requiring significant changes to fee or levy rates at the next review
- 5.3 minimise cross subsidisation amongst fee and levy payers.
- 6 Major hazard operators have indicated that the proposals to adjust levy and fee rates will not have a significant impact on their businesses.
- 7 The decisions I am seeking on the new major hazard facilities fee and levy rates have been informed by a consultation process. The Ministry of Business, Innovation and Employment (MBIE) and WorkSafe carried out targeted consultation with operators and other interested parties on options for resetting fee and levy rates over a six-week period, between January and March 2022.

### **Fees and levies recover the higher costs of regulating major hazard facilities**

- 8 Major hazard facilities store or process very large amounts of particular hazardous substances with the potential to cause catastrophic harm, such as the 2020 explosion that occurred in Beirut, Lebanon. These facilities typically include chemical manufacturing sites, gas processing plants, liquid petroleum gas facilities, and other manufacturing and storage depots.
- 9 In 2013, Cabinet agreed to new regulations for managing the specific risks posed by major hazard facilities, the *Health and Safety at Work (Major Hazard Facilities) Regulations 2016* (the MHF Regulations). Cabinet agreed to recover the higher costs of regulating these facilities directly from operators, rather than funding these costs through the Health and Safety at Work (HSW) Levy paid by all businesses. [CAB Min (13) 24/11].
- 10 The fee and levy rates for major hazard facilities were first set in 2016 with a requirement to review these after five years, and for WorkSafe to record revenue against expenditure in memorandum accounts [EGI-16-MIN-0137]. MBIE and WorkSafe have carried out the review of the fee and levy rates.
- 11 WorkSafe’s regulatory activity that is cost recovered by the fees and levies comprises:
  - 11.1 Designation into the major hazard facility regime – a one-off process that designates facilities into upper and lower Tiers, which is determined by the quantities of hazardous substances held and therefore the risk. This is cost recovered from the major hazard facilities levy.
  - 11.2 Approval of safety cases – upper Tier facilities must submit a safety case to WorkSafe, and revise and submit the safety case again every five years. This is cost recovered from the major hazard facilities safety case fee, charged once every five-year cycle.
  - 11.3 Regulatory oversight for both upper and lower Tier facilities – checking through regular site visits that mandatory safety systems are in place and operating well, responding to notifications of failure of safety processes, and supporting operators to understand and apply the regulatory requirements. This is cost recovered from the major hazard facilities levy, charged annually.

- 12 New Zealand has 130 major hazard facilities run by 62 operators, with 55 upper Tier facilities and 75 lower Tier facilities. They are further differentiated into three Types, based on the complexity of their operation, for the purpose of setting fee and levy rates that are proportionate to the activity required by WorkSafe. The current levies are set out in **Table 1** and the current fees are set out in **Table 2**. The levies are charged annually while the safety case fees are charged on a five-year cycle.
- 13 Operators who hold hazardous substances below these thresholds who do not come under the MHF Regulations are still subject to the wider obligations under the *Health and Safety at Work Act 2015* (the HSW Act) and regulations. All businesses, including operators, are required to pay the HSW Levy that is 8 cents per \$100 of liable earnings.
- 14 WorkSafe has been monitoring the activities and costs of providing the regulatory services by Tier and Type of facility since the establishment of the major hazard facilities regulatory regime. More detailed data is now available than was possible when the initial fee and levy rates were set, and this data has informed the reset of fee and levy rates to fully recover the future costs of regulatory oversight.
- 15 MBIE and WorkSafe carried out targeted consultation with operators and businesses in the major hazard facilities sector, consultants and technical specialists, and other interested parties on a range of options for resetting fee and levy rates for major hazard facilities over a six-week period, between January and March 2022.
- 16 This reset of fee and levy rates does not affect the coverage of the MHF Regulations. I am not proposing to change the underlying cost recovery method of setting fees and levies for major hazard facilities. The wider policy settings and circumstances have been relatively stable, and I consider that it is still appropriate to directly recover the costs of major hazard facility regulatory activity from operators.
- 17 MBIE has a full review of the MHF Regulations on its future policy work programme, with the timing to be determined based on wider HSW regulatory reform priorities.

### **Fees and levy rates no longer match costs and are inequitable across payers**

- 18 The review identified a three-fold problem for both fee and levy rates:
- 18.1 A surplus of \$2.544 million has built up in the levy memorandum account and a surplus of \$0.988 million in the fee memorandum account, as WorkSafe's regulatory costs over the last five years have been lower than originally estimated in 2016, when the fee and levy rates were first set.
- 18.2 Forecast regulatory costs over the next five years are higher than the costs estimated in 2016, and therefore won't be matched by the forecast revenue. To effectively address the risks being managed by the major hazard facilities regime, WorkSafe's expected regulatory activity over the next five years will be greater for some operators and less for other operators than was estimated when the fee and levy rates were originally set. On average, the current levy rates and revised safety case assessments will under-collect for most operators over the next five years, while the current fees for new safety cases will over-

collect. In particular, while the current fees are differentiated by Type of facility to reflect complexity of operation, the review found that the regulatory activity required and therefore costs for safety case assessments are the same across all facilities, regardless of Type of facility.

- 18.3 There is cross subsidisation amongst fee and levy payers. The fee and levy rates set in 2016 for some operators have been less than the cost of the regulatory activity that WorkSafe undertakes for those operators, while some fee and levy rates have been greater than the cost, resulting in some cross subsidisation amongst payers.
- 19 I consulted on a range of options for the levy and fee rates to fully recover the costs of WorkSafe's regulatory activity in overseeing the major hazard facilities regulatory regime, and to minimise cross-subsidisation among levy payers. As part of the consultation, I sought feedback on the best ways for returning past surpluses to operators.

### **Adjusting fee and levy rates to equitably match WorkSafe's regulatory costs**

- 20 The objective of the review of major hazard facilities fee and levy rates is to match the expected costs of WorkSafe's regulatory activity without either surpluses or deficits building up in the memorandum accounts, while ensuring there is sufficient revenue to fund WorkSafe's activity to support safety outcomes in the major hazard facilities regime and to minimise cross subsidisation amongst fee and levy payers.
- 21 From the options consulted on, I propose new fee and levy rates that will best meet the objectives of the review and the following cost recovery objectives from the Auditor-General and the Treasury guidance:
- 21.1 Fairness – the proposals fairly apply the cost of the service provided to the appropriate operators who benefit from them or create the risk and minimise inequity by not allowing surpluses or deficits to build up.
- 21.2 Justifiability – the proposals reasonably relate to the services charged for and do not cross subsidise amongst fee and levy payers.
- 21.3 Efficiency – the proposals ensure the fee and levy rate matches the cost of providing the service to the operator, and at the desired level of quality.
- 22 The proposed fee and levy options address the fact that costs were less than expected over the first five years of the new regulations operating, but will increase over the next five years because:
- 22.1 **The number of employees and salaries:** The forecast salaries are based on the current average salaries, with a ~3% increase on average applied per year that covers inflationary/remuneration framework estimated salary increases.
- 22.1.1 The team mix has changed from 15 Specialist Inspectors to 12 Specialist Inspectors, 2 Specialist Investigators and a Senior Business Analyst. The remaining roles stay the same.

- 22.1.2 Specialist Investigators: As the regime has progressed, dedicated investigators have been introduced to follow up on high potential incidents.
- 22.1.3 Senior business analyst: the operation of the regime has shown that having a resource with the ability to extract and summarise data supports a more efficient utilisation of highly skilled resources.
- 22.2 **Internal charges / recoveries:** the original overhead methodology and assumptions in 2016 have not changed.<sup>1</sup> The attributable overheads are based on the same proportionate allocation of ICT and property costs from 2016.
  - 22.2.1 The overheads in the original 2016 assumptions estimated overheads to be ~\$0.480m in 22/23.
  - 22.2.2 Overheads for 22/23 and ongoing have been forecast to be ~\$0.650m per year, reflecting underlying support cost increases.
  - 22.2.3 Overheads are attributed to funding streams by including them in charge-out rates for time spent on each type of activity.
- 22.3 **Other related costs** (such as travel, consultancy, training etc) have been forecast based on a combination of historic trends and expected activity.
  - 22.3.1 The forecast for overall costs is increased from the average historic spend due to the full establishment of FTE staff.
  - 22.3.2 Historic travel spend has been lower than expected due to the disruption of COVID, and an easing of these restrictions in future years has been factored in.
  - 22.3.3 In the next five-year cycle, travel is expected to be higher than both the 2016 forecast and the actuals spent in the last five years. This is two-fold, a combination of the increase in the cost to travel, and the expected amount of appropriate trips to support the activity.
- 23 The proposals are also effective in providing sufficient fee and levy revenue to fund the regulatory activity, have legislative authority under the HSW Act, and are transparent to levy and fee payers.

### **Adjusting levy rates to return surplus and then match expected costs**

- 24 I propose that the levy rates are adjusted to match WorkSafe's expected regulatory costs, after first returning levy surplus to operators.
- 25 As shown in Table 1 below, the accumulated levy surplus will be returned to levy payers through a discounted rate in years 1-2 (2023, 2024). Then from year 3 (2025), there will be an increase in levies from current rates for all operators, as the levy rates

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<sup>1</sup> The 2016 Regulatory Impact Statement is available at:  
<https://www.treasury.govt.nz/publications/risa/regulatory-impact-statement-full-cost-recovery-worksafes-regulatory-functions-major-hazard-facilities>

move to match WorkSafe’s forecast increased regulatory costs required to support the safety outcomes of the regime. The discounted rate considers WorkSafe’s activity costs and the amount of levy surplus available, shared across the number of operators.

*Table 1: discounted levy rates in years 1-2 and adjusted to match costs from year 3*

	Facility Type	Current levy rates	Levy rate with a discount in years 1-2 (2023, 2024)	Adjusted levy rate from year 3 (2025)
Lower Tier	Type 1	\$12,500	\$7,800	\$14,600
	Type 2	\$15,000	\$9,000	\$17,600
	Type 3	\$18,000	\$10,200	\$19,900
Upper Tier	Type 1	\$23,000	\$14,700	\$28,800
	Type 2	\$28,000	\$17,900	\$35,000
	Type 3	\$34,000	\$20,400	\$39,900

- 26 This proposal to adjust the levy rates meets the objectives. It is fair to levy payers by matching the levy paid by operators to the actual costs of the service they receive, returns the current levy surplus to the appropriate operators, and removes the cross subsidisation amongst levy payers. It returns the levy surplus over a short timeframe, is effective in fully funding WorkSafe’s activity, and is transparent for levy payers.
- 27 Although returning the surplus earlier (ie in year 1) would be fairer and more transparent, a risk that was raised by a submitter was that if the return of surplus was implemented too aggressively, further short-term corrections to levy rates may be required, if costs change.
- 28 Therefore, I propose the return of levy surplus over years 1-2, a two-year timeframe, to address the risk of implementing return of levy surplus too aggressively or too slowly. Submitters broadly supported the option that returned levy surplus first, then adjusting the rates to match the expected regulatory costs.

**Adjusting fee rates to return surplus and then match expected costs**

- 29 I propose adjusting the fee rates to match the expected regulatory costs, after first returning fee surplus to operators.
- 30 The adjusted fee rates will:
  - 30.1 Return the accumulated fee surplus to fee payers through a discounted fee for **revised** safety cases over the next five-year charging cycle, then move to match expected costs from year 6 (2028). The discounted rate considers WorkSafe’s activity costs and the amount of fee surplus available, shared across the number of existing upper Tier operators.
  - 30.2 Change the fee for a **new** safety case to match the costs of regulatory activity from year 1 (2023), resulting in a lower rate than currently charged for all Types of operators. As new major hazard facilities would not have contributed

to the current surplus, they should not receive a discounted rate over the next five years as is being applied to the revised safety case fees.

- 30.3 Better reflect actual costs. The fee and levy review found that the costs for safety case assessments are the same across all facilities, regardless of Type (ie complexity of operation). Consequently, I propose to set the same fee for all Types, to match the expected regulatory costs. In addition, the current 20 per cent reduction in the fee for additional sites is retained for **revised** safety cases, but removed for **new** safety case assessments, as the adjusted fee of \$31,000 for additional new sites will be substantially reduced from the current rates paid by operators.

*Table 2: current fee rates for major hazard facilities.*

		New safety case assessment		Revised safety case assessment	
		Fee	Reduced fee for additional facility	Fee	Reduced fee for additional facility
<b>Upper Tier</b>	Type 1	\$45,000	\$36,000	\$20,000	\$16,000
	Type 2	\$56,000	\$44,800	\$25,000	\$20,000
	Type 3	\$67,000	\$54,000	\$30,000	\$24,000

*Table 3: discounted fee and adjusted fees for safety cases.*

Facility Type		Discounted fee to return surplus over next five-year cycle	Adjusted fee		
			New safety case assessment	Revised safety case assessment	Revised safety case assessment Fee reduced by 20% for additional facilities
<b>Upper Tier</b>	Type 1	\$8,000	\$31,000	\$28,100	\$22,500
	Type 2	\$8,000	\$31,000	\$28,100	\$22,500
	Type 3	\$8,000	\$31,000	\$28,100	\$22,500

- 31 Table 3 shows that from year 1, there will be a decrease in **new** safety case fees for all operators, while the surplus is returned to current operators through a discounted rate on **revised** safety cases for the next five-year charging cycle. From year 6, the proposed alignment in **revised** safety case fees to match the expected regulatory costs results in an increase in fees from current rates for Type 1 and 2 operators, and a decrease for Type 3 operators from current rates. At these rates, the fees match the expected cost of assessing safety cases and provide for the desired level of quality of service by WorkSafe.



- 32 This proposal meets the objectives by matching the fee paid by operators to the actual costs of the service they receive, returns the current fee surplus to the appropriate operators, and removes the cross subsidisation amongst fee payers. It is effective in fully funding WorkSafe's activity and transparent to fee payers.
- 33 This option was supported by the majority of submitters in the targeted consultation carried out by MBIE and WorkSafe.

### **Risks and impacts of the changes on operators are not significant**

- 34 Direct cost recovery means that the businesses that need the specific regulatory services pay the costs rather than it being spread amongst all businesses. The costs are reasonable, provide a level playing field, and represent what is necessary to give these businesses the mandate to operate. Nearly all operators are large businesses, including lower tier facilities, which are often run by large companies.
- 35 The marginal costs and benefits of these proposals for payers depend on the Type and Tier of facilities they operate. Moving to full cost recovery means an increase in the annual levy rate of between \$1,900 to \$7,000, depending on Type of facility. New safety case assessment fees will drop by between \$14,000 to \$36,000, while the change to revised safety case assessment fees will range from a drop of \$1,900 to an increase of \$8,100. However, the overall costs or benefits for each individual operator from these proposals will depend on the number, Type and Tier of facilities that they operate.
- 36 The stakeholders that provided submissions viewed that any changes to fee and levy rates will not have a significant impact on their operations or businesses. In their view, the only substantial impact on their businesses was being aware of the new rates for budgeting purposes and having certainty over the next five years.
- 37 The sustainability of the major hazard facilities fee and levy regime could be undermined by incorrect charging (either over- or under-charging), thereby compromising the quality of the regulator's oversight and safety outcomes for the regime. As the levy rate is calculated based on expected costs over the next five years, the expected levy revenue may again diverge from expected costs after year 6, depending on variability in future costs. However, this risk is low as the review is based on detailed data that was not available when fee and levy rates were first set in 2016. MBIE and WorkSafe will also monitor and review the levies and fees in a timely manner to ensure rates and revenue remain aligned with expected costs.
- 38 As noted above, major hazard facility operators also pay the HSW levy, as do all New Zealand businesses.

### **Implementation**

- 39 To adjust fee and levy rates, the MHF Regulations will need to be amended. I propose that this is done by Q2 2023, so that WorkSafe can incorporate the changes into its annual invoicing of levy payers on 1 July 2023. Invoicing of safety case fees depends on when the operators submit the safety cases for assessment by WorkSafe and these services are provided.

40 I expect to seek Cabinet Legislation Committee approval in May 2023, with implementation from June 2023.

### Financial Implications

41 The proposal involves the adjustment of major hazard facilities levy rates, so an equivalent change to WorkSafe's major hazard facilities appropriation is required. The increase to the major hazard facilities appropriation required will be matched by the increase in annual levy revenue collected from major hazard facilities operators, so no additional funding is sought from any other source.

### Legislative Implications

42 Amendments will be required to the fee and levy rates in Schedule 8 of the *Health and Safety at Work (Major Hazard Facilities) Regulations 2016*.

### Impact Analysis

#### Cost Recovery Impact Statement

43 A Cost Recovery Impact Statement has been completed and is attached in **Appendix One**.

44 The Regulatory Impact Analysis panel at the Ministry of Business, Innovation and Employment has reviewed and confirmed that the Cost Recovery Impact Statement meets Cabinet's quality assurance criteria for impact analysis.

#### Climate Implications of Policy Assessment

45 The Climate Implications of Policy Assessment (CIPA) team has been consulted and confirms that the CIPA requirements do not apply to this proposal as the threshold for significance is not met.

### Population Implications

46 There may be marginal benefits to society as the proposal better supports the safety outcomes sought by the major hazard facilities regime, in particular managing the risk of catastrophic failure that can affect communities living or working close to major hazard facilities. However, no significant differences in these benefits for different sectors of the population are anticipated.

### Human Rights

47 The proposal is not in any way inconsistent with the *New Zealand Bill of Rights Act 1990* and the *Human Rights Act 1993*.

### Consultation

48 I have consulted with all persons and organisations that I consider appropriate, given the subject matter of the regulations, as required by Section 217(1) of the HSW Act.

MBIE and WorkSafe carried out targeted consultation with major hazard facilities operators and interested parties between 26 January and 8 March 2022.

- 49 The following agencies have been consulted on this paper and the Cost Recovery Impact Statement: Civil Aviation Authority, Department of Conservation, Department of Internal Affairs, the Environmental Protection Authority, Fire and Emergency New Zealand, Maritime New Zealand, Ministry for the Environment, Ministry of Health, Ministry for Primary Industries, Ministry of Transport, The Treasury, WorkSafe New Zealand. The Department of the Prime Minister and Cabinet has been informed of the Cabinet paper and Cost Recovery Impact Statement.
- 50 For regulations relating to hazardous substances, consultation must include the Environmental Protection Authority, which has been consulted on this paper. Before proposing regulations relating to levies, I must receive advice from WorkSafe on the proposed levy. MBIE has received advice from WorkSafe on the proposed levy in accordance with s215(4)(a) of the HSW Act. WorkSafe also worked with MBIE on the fee and levy review and the preparation of this Cabinet paper and Cost Recovery Impact Statement.

### Communications

- 51 As well as publicly releasing the Cabinet paper as outlined below, MBIE and WorkSafe will alert interested parties to the decisions, including major hazard facilities operators.

### Proactive Release

- 52 I propose to release this Cabinet paper and relevant Minute proactively within 30 business days, subject to redactions as appropriate under the *Official Information Act 1982*.

### Recommendations

The Minister for Workplace Relations and Safety recommends that the Committee:

- 1 **note** that major hazard facilities fee and levy rates were first set in 2016 to directly recover the costs from facility operators of WorkSafe New Zealand's regulatory activity in overseeing the major hazard facilities regulatory regime, with a requirement to review the rates after five years [EGI-16-MIN-0137];
- 2 **note** that the review of the major hazard facilities fees and levies found that the rates are no longer set at the right level to fully recover the expected future costs of regulatory oversight:
  - 2.1 the cost of WorkSafe's regulatory activity over the first five years of the major hazard facilities regulatory regime has been less than estimated, with a surplus built up in the memorandum accounts for both fees and levies;
  - 2.2 the major hazard facilities levy rates and revised safety case fees are mostly set too low to fully recover the expected future cost of WorkSafe's regulatory activity, while the fees for new safety case assessments are set too high; and

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2.3 there is some cross subsidisation amongst the fee and levy payers.

3 **note** the proposed adjustment of fees and levies charged to major hazard facilities operators will set the rates at the right level to fully recover the costs, without over- or under- collection, of WorkSafe New Zealand’s regulatory activity in overseeing the major hazard facilities regulatory regime and support safety outcomes;

4 **agree** to amend the levy rates in Schedule 8 of the *Health and Safety at Work (Major Hazard Facilities) Regulations 2016* to return the levy surplus to levy payers through a discounted rate in years 1-2 (2023, 2024), and then to match the expected regulatory costs from year 3 (2025), as set out below:

Category of major hazard facility	Current levy rates (\$)	2023 and 2024 (\$)	For 2025 and every subsequent year (\$)
Lower Tier - Type 1	12,500	7,800	14,600
Lower Tier – Type 2	15,000	9,000	17,600
Lower Tier – Type 3	18,000	10,200	19,900
Upper Tier – Type 1	23,000	14,700	28,800
Upper Tier – Type 2	28,000	17,900	35,000
Upper Tier – Type 3	34,000	20,400	39,900

5 **agree** to amend the fee rates in Schedule 8 of the *Health and Safety at Work (Major Hazard Facilities) Regulations 2016* to:

5.1 return the fee surplus to fee payers over the next five-year cycle through a discounted fee for *revised* safety cases, and then to match expected regulatory costs from year 6 (2028) as set out below:

Type of upper Tier major hazard facility	Current Fee (\$)	Fee before 1 July 2028 (\$)	Fee on and after 1 July 2028 (\$)	Fee on and after 1 July 2028 for each additional facility (\$)
Type 1	20,000	8,000	28,100	22,500
Type 2	25,000	8,000	28,100	22,500
Type 3	30,000	8,000	28,100	22,500

5.2 adjust the fee for a *new* safety case to match the expected regulatory costs from year 1 (2023) as set out below;

Type of upper Tier major hazard facility	Current Fee (\$)	Adjusted Fee (\$)
Type 1	45,000	31,000

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Type 2	56,000	31,000
Type 3	67,000	31,000

- 6 **note** the impacts on major hazard facilities operators from the proposals vary depending on Type of operator, and range from a drop of \$36,000 to an increase of \$8,100 for the safety case fee, and an increase of between \$1,900 to \$7,000 in the annual levy;
- 7 **approve** the following changes to appropriations to give effect to the policy decision in recommendation 4 above, fully offset by revenue from the annual levy for major hazard facilities and so fiscally neutral with no impact on the operating balance and net debt:

<b>Vote Labour Market</b> <b>Minister for Workplace Relations and Safety</b>	\$m – increase/(decrease)			
	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27 &amp; Outyears</b>
Non-Departmental Output Expense: Workplace Relations and Safety – Workplace Health and Safety	0.224	0.242	0.176	0.308

- 8 **invite** the Minister for Workplace Relations and Safety to issue drafting instructions to the Parliamentary Counsel Office to give effect to recommendations 4 and 5;
- 9 **authorise** the Minister for Workplace Relations and Safety to make decisions, consistent with the proposals in the recommendations, on any issues that arise during the drafting process.

Authorised for lodgement

Hon Michael Wood

Minister for Workplace Relations and Safety

**Appendices**

Appendix One: Cost Recovery Impact Statement: Recovering the regulatory costs for major hazard facilities

**Appendix One: Cost Recovery Impact Statement: Recovering the regulatory costs for major hazard facilities**