



COVERSHEET

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

List of documents that have been proactively released

Date	Title	Author
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.



Cabinet Economic Development Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Adjusting Major Hazard Facilities Fee and Levy Rates

Portfolio **Workplace Relations and Safety**

On 15 February 2023, the Cabinet Economic Development Committee:

- 1 **noted** 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;
- 2 **noted** 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
 - 2.3 there is some cross subsidisation amongst the fee and levy payers;
- 3 **noted** that the adjustment of fees and levies charged to major hazard facilities operators in the paper under DEV-23-SUB-0005, 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 **agreed** to amend the levy rates in Schedule 8 of the Health and Safety at Work (Major Hazard Facilities) Regulations 2016 (the Regulations) 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 **agreed** to amend the fee rates in the Regulations 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
Type 2	56,000	31,000
Type 3	67,000	31,000

6 **noted** that the impacts on major hazard facilities operators from these decisions 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 **approved** the following changes to appropriations to give effect to the policy decision in paragraph 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:

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

- 8 **invited** the Minister for Workplace Relations and Safety to issue drafting instructions to the Parliamentary Counsel Office to give effect to paragraphs 4 and 5;
- 9 **authorised** the Minister for Workplace Relations and Safety to make decisions, consistent with the decisions in the paper under DEV-23-SUB-0005, on any issues that arise during the drafting process.

Jenny Vickers
Committee Secretary

Present:

Hon Carmel Sepuloni
 Hon Grant Robertson (Chair)
 Hon Dr Megan Woods
 Hon Michael Wood
 Hon Dr Ayesha Verrall
 Hon Willie Jackson
 Hon Damien O'Connor
 Hon Andrew Little
 Hon David Parker
 Hon Peeni Henare
 Hon Priyanca Radhakrishnan
 Hon Ginny Andersen
 Hon Dr Duncan Webb
 Hon Rino Tirikatene
 Hon Dr Deborah Russell
 Jo Luxton MP

Officials present from:

Office of the Prime Minister
 Officials Committee for DEV