

PROGRAM EVALUATION

# Evaluation of the Mine & Petroleum Safety Program

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**Evaluation of the Mine & Petroleum Safety Program**

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**More information**

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Disclaimer: The information contained in this publication is based on knowledge and understanding at the time of writing (May 2016). However, because of advances in knowledge, users are reminded of the need to ensure that the information upon which they rely is up to date and to check the currency of the information with the appropriate officer of the Department of Industry, Skills and Regional Development or the user's independent advisor.

# Executive Summary

This publication is part of a series summarising program evaluations to enhance the accountability and transparency of NSW Department of Industry activities. The completed program evaluation template is attached.

## The Mine & Petroleum Safety Program

The Mine & Petroleum Safety Program (hereafter the Program) is delivered by the Division of Resources & Energy in the Department of Industry as part of the overall regulation of the coal, mineral and petroleum exploration and extraction industry. The Program monitors overall industry compliance with general and mining-specific work health and safety legislation; identifies trends and emerging issues; develops compliance initiatives and programs; and determines the appropriate level of enforcement to be applied in cases of non-compliance.

The Program comprises three highly integrated business units who are primarily responsible for the functions associated with Mine Safety. These include; Mine Safety Operations, Mine Safety Performance, and the Office of the Chief Inspector. Other business units also contribute to the Mine Safety function (including legal services, investigations, communications and strategic policy).

## Objective

Mining (including petroleum exploration and extraction) is a high-hazard industry and, in the absence of specific work health and safety regulation addressing these risks, profit-maximising mine operators are unlikely to have sufficient incentive to restrict mining fatalities, injuries and illness to socially acceptable levels.

The objective of the Program is, therefore, to ensure the health, safety and welfare of workers and the overall cost to communities, is not adversely impacted by the activities of the minerals and resource industries.

## Options

The alternative options for pursuing the objective that were considered in the evaluation of the Program included:

- the existing program with an annual budget of approximately \$36.5 million;
- the removal of the specific mine work health and safety legislation and transfer of the regulatory responsibility to the general work health and safety regulator SafeWork NSW; and
- an industry led, self-regulated, risk management and safety approach to mine safety.

## Assessment

NSW Department of Industry program evaluations compare the efficiency and effectiveness of alternative options with that of the existing or proposed program. This involves an assessment of the costs and benefits of each option relative to the base case of 'no program' and, where these benefits and costs have been quantified, a comparison of the net benefit and benefit-cost ratio (BCR) of each option.

A qualitative assessment of options to achieve the stated objective was undertaken. The preferred option is Option 1 (the existing program). It is believed that Option 1 would (does currently) achieve the stated objectives with net benefits greater than those of the alternative options.

As Option 2 involves the transfer of the regulatory responsibility to SafeWork NSW, it is assumed that from a whole of government perspective, costs would be about the same as Option 1. But with less regulatory oversight of significant mining-specific hazards, it is expected that benefits would be lower than for Option 1.

For Option 3 involving self-regulation, it is assumed that industry and government costs are likely to be lower than Option 1, but there would be a significant risk that some benefits are not realised (making the overall benefits much lower than the other options). This option also carries the risk that the objective of the Program would not be achieved.

## Cost Recovery

The evaluation assessed the existing program pricing arrangements relative to the cost recovery principles outlined by the Productivity Commission in its 2001 Inquiry Report on Cost Recovery by Government Agencies.

Application of the Productivity Commission's cost recovery principles to the existing Program indicates that the costs of mine safety regulation should be recovered via an industry levy set at fully distributed cost – as is currently the case. As such, the costs of the Program are funded by the Mine Safety Levy from industry participants.

However, some services provided by the Department in relation to mine safety relate specifically to individuals or businesses. These activities are not recoverable under the Mine Safety (Cost Recovery) Act 2005, but are instead presently (and appropriately) recovered on a fully distributed cost basis via a fee on end users. These services include licensing, laboratory and technical services, and education activities including workshops, seminars and conferences.

No funds are provided by NSW Treasury for mine safety activities.

## Performance Measures

Key performance measures and indicators measure program performance and progress towards meeting government policy objectives. They demonstrate how effective a program is in producing the required outputs and achieving the desired outcomes.

The Program's output indicators include: proactive targeted mine interventions; centralisation of incident notifications; timely production of incident and investigation reports; annual publication of mine safety performance reports; provision of industry education and advisory information; timely processing of licences and registrations; and assessment of emergency management response capabilities.

Examples of the Programs outcome indicators include:

- a reduction in the number of worker fatalities due to injury;
- a reduction in the incidence rate of claims resulting in one or more weeks off work; and
- a reduction in the incidence rate of claims for musculoskeletal disorders.

## Future Evaluations

This is the first evaluation of the Mine & Petroleum Safety Program as part of the regular Departmental cycle of evaluations informed by the recently superseded NSW Government Evaluation Framework. The evaluation concentrated on the qualitative aspects of 'formative' evaluation to build capacity of program management to monitor program performance in the future - problem identification, program logic and KPI design. Under recent changes to the NSW Government Evaluation Framework, programs will be expected to carry out 'outcome' evaluation, measuring the causal impacts of a program's activities. Data collection will be essential to enable an 'outcome' evaluation when the Program is next scheduled for evaluation under the updated Framework.

## Attachment: Program Evaluation Template

<b>Division:</b>	NSW Department of Resources & Energy
<b>Program (Current):</b>	Mine & Petroleum Safety

### Step 1 Issue or Challenge and Objectives

a. *Describe the issue or challenge that the program aims to address. That is, why should the department intervene? What would happen in the absence of the program?*

Mining (including petroleum exploration and extraction) is a high-hazard industry and, in the absence of specific work health and safety regulation addressing these risks, profit-maximising mine operators are unlikely to have sufficient incentive to restrict mining fatalities, injuries and illness to socially acceptable levels.

Unrestricted mining operations that value profits above the safety of workers not only result in unacceptable injuries (and deaths), but also create significant tension between mining businesses and the community. In the extreme case, mines may be forced to close down and/or approval to establish new mines may not be provided. The significant economic costs to NSW that would result in this situation are mostly avoidable via work health and safety regulation.

b. *Identify the groups that would be affected by the issue or challenge without departmental involvement (individuals, industry or community).*

- The mining industry through higher rates of incidents, fatalities, injuries and illness, reduced community satisfaction and potential closure of mines.
- Mining industry workers and their families through higher rates of incidents, fatalities, injuries and illness.
- The NSW Government through increased health care costs and reduced royalties.
- The NSW Community through increased health costs, reduced workforce participation, and reduced productivity of the NSW workforce.

c. *Quantify the impact of the issue in the absence of departmental involvement - the severity of the issue should be demonstrated with quantitative data where possible on the significance and consequences of the issue or challenge in the absence of departmental involvement. If no such 'cost' estimate exists, proxy information can be provided to give an indication of potential 'scale', such as industry value of production.*

The annual value of the mining industry to the NSW economy is about \$11 billion in direct benefits, including about \$1.2 billion in royalties to the state. Exports of coal and minerals exceed \$15 billion per year. Work health and safety regulatory intervention has been in place in Australia for many decades, and so estimating the cost of workplace injury and death in the counterfactual is difficult. However, the residual costs of current workplace injury and death (that is, after intervention) provides an indication of the scale of the problem.

The Commonwealth Office of Best Practice Regulation has suggested that the value of an avoided workplace fatality (based on its Best Practice Regulation Guidance Note - value of statistical life) is \$4.14 million in 2014 dollars. Safe Work Australia estimated (consistent with this guidance note) that the value of a year free of injury for a worker in the mining industry was \$97,053 (in 2012 dollars).

During 2014-15, there were 2 fatalities, 51 serious bodily injuries and 340 lost time injuries in the NSW mining industry. While these figures are still higher than the industry would like and the community expect, since the existing Mine Safety program was introduced in 1999 there has been a dramatic improvement in

health and safety performance.

In 2000-01 the five-year fatal injury frequency rate (incidents per million hours worked) was 0.182 compared to 0.028 in 2014-15. Over the same period, the five-year serious bodily injury frequency rate has fallen from 2.16 to 0.63, and the five-year lost time injury frequency rate has fallen from 30.13 to 5.06.

*d. Describe who or what created the issue or challenge. Examples include specific industry participants (such as producers or consumers) and environmental factors (such as the effect of climate change).*

Unfettered market forces will not lead to socially acceptable work health and safety (WHS) outcomes, largely due to the lack of incentives for mining industry firms to manage WHS risks. There is also a tendency for the management of WHS risks to be inconsistent across the mining industry, and across categories of workers (e.g. employees, contractors, etc.).

Relative to other industries, workers in the mining industry are at a significantly greater risk of injury or death at the workplace. The mining industry has had a long history of industrial accidents and disasters involving fatalities. Coal mining and underground mining have inherent risks which are not prevalent in other workplaces. For example, the very nature of extracting large quantities of earth means mine workers are exposed to risks from workplaces that physically change each day. This includes the risks associated with significant rock strata support, as well as workers operating very large and complex machinery. Furthermore, coal mining in underground environments - which is more prevalent in NSW compared to the rest of Australia - is subject to potential explosive atmospheres caused by the gases released when extracting coal. These are unique risks which require specific attention to prevent harm to workers.

Achieving a safe mining workplace involves appropriate mine design, infrastructure, plant and engineering, and policies and procedures.

*e. List current programs or legal instruments (provided by industry or any level of government) which aim to address the issue or challenge. Could these be altered to address the issue or challenge?*

Other Programs	Able to be altered?
<b>SafeWork NSW</b> (co-regulator of WHS Act in NSW, Department of Finance, Services and Innovation).	<b>Yes</b> - but would require legislative amendment. Does not have the experienced or qualified staff to deal with mining-related WHS regulation.
<b>Comcare</b> (Commonwealth WHS Act regulator).	<b>Yes</b> - but would require legislative amendment. Does not have the experienced or qualified staff to deal with mining-related WHS regulation.
<b>Coal Services</b> (approved company under Coal Industry Act 2001).	<b>No</b> - Does not have the capacity, skill or legislative authority to regulate WHS.
<b>Local government</b>	<b>No</b> - Does not have the capacity, skill or legislative authority to regulate WHS.
<b>Industry bodies</b> (e.g. NSW Minerals Council)	<b>No</b> - Does not have the capacity, skill or legislative authority to regulate WHS. Would only allow for self-regulation.

*f. Identify who might benefit if action [such as the program being evaluated] is taken by the department.*

*Primary beneficiaries:*

- The mining industry would benefit from more stable and harmonious relationships between mine operators and workers, reduced costs of legal action and compensation claims, and a more positive image of being a mine worker resulting in a reduction in the wage risk premium.

- Mining industry workers and their families would, in aggregate, benefit from fewer injuries, illnesses and fatalities (with associated costs and traumas), and a longer and more productive work life.

*Other beneficiaries:*

- The NSW Community would benefit from reduced health costs, improved workforce participation, and improved productivity of the NSW workforce.
- The NSW Government would benefit from lower rehabilitation costs through better risk management, maintenance of royalties paid from extraction of minerals, economic activity through direct mining workplace jobs and associated jobs in service industries, more resilient regional and rural communities where mines are located.

*g. Statement of Objectives: Determine whether there might be a role for the department in addressing the perceived problem (i.e. what high-level objective might a potential program achieve?)*

**Objective:**

To ensure the health, safety and welfare of workers and the overall cost to communities, is not adversely impacted by the activities of the minerals and resource industries.

**Policy Alignment:**

Achieving the NSW Department of Industry Corporate goal (Create a positive business environment) involves quality regulatory and operational frameworks including robust compliance and enforcement, delivering greater certainty for business, industry and the community.

**Market Failure:**

Mine workers often don't realise the risks involved with working in the mining industry. There are likely to be information asymmetries between mining industry firms and mining industry workers when it comes to these workplace risks.

Much of the economic cost of a workplace injury or death is borne by third parties (i.e. not the employer or the worker). These externalities include costs and trauma to workers' families, costs to the public health and social security systems, and costs of lost workforce participation and productivity.

## Step 2 Program Options & Design

Identify all potential options for achieving the objective, including those that least impede business activity.

### Option 1.

Existing Mine & Petroleum Safety Program

#### Description:

The existing Mine Safety program is delivered by the Division of Resources and Energy in the Department of Industry as part of the overall regulation of the coal, mineral and petroleum exploration and extraction industry. The Mine Safety program monitors overall industry compliance with general and mining-specific work health and safety legislation; identifies trends and emerging issues; develops compliance initiatives and programs; and determines the appropriate level of enforcement to be applied in cases of non-compliance.

The Mine Safety program comprises three highly integrated business units who are primarily responsible for the functions associated with Mine Safety. These include; Mine Safety Operations, Mine Safety Performance, and the Office of the Chief Inspector. Other business units also contribute to the Mine Safety function (including legal services, investigations, communications and strategic policy).

The Mine Safety program has responsibility to:

- provide advice and information on work health and safety matters;
- support effective risk management;
- publish information and statistics on health and safety performance;
- promote and support education and training on matters relating to WHS;
- engage in, promote and co-ordinate the sharing of information; and
- foster cooperative relationships and facilitate effective consultation.

The specific strategies adopted and techniques used by the Mine Safety program in the role of the health and safety regulator are targeted towards the specific characteristics and risk profiles of the mining and extractive industries and specific sectors within those industries. The Mine Safety program works closely with industry peak bodies, Coal Services (which has quasi-regulatory functions in the coal mining sector), employers, workers, other government agencies and the community, to promote effective risk management and promote good health and safety outcomes.

In addition to undertaking inspections, compliance and enforcement actions and delivering licensing and authorisations schemes, the Mine Safety program: develops and manages policies and regulatory models, supports emergency management capability, develops and implements systems and information, develops and delivers education and training programs, promotes effective consultation arrangements, and provides the communication strategies to improve safety performance for the mining and petroleum industries

#### Resourcing requirements:

The total program cost for the Mine Safety program in 2015-16 was \$36.5 million. The Mine Safety program budget is fully funded by the Mine Safety Levy and some fee for service activities. The budget and levy determination is made on an annual basis.

The Mine Safety program comprises approximately 125 full-time equivalent staff in the three Mine Safety business units.

#### Governance arrangements:

Procedures and protocols as stipulated in the existing Departmental governance

framework apply. In addition, the Program is accountable to industry and the community via an annual report on the expenditure of the Mine Safety Levy. The Program is also scrutinised each year before the Minister for Industry, Resources and Energy approves the annual determination of the Mine Safety Levy.

**Consultation strategy:**

The NSW Mine Safety Advisory Council is an advisory board appointed by the Minister for Industry, Resources and Energy. The council advises the Minister on strategic mine safety issues. The council membership includes representatives of the key industry stakeholders including the NSW Minerals Council, Cement Concrete and Aggregates Australia, CFMEU and Australian Workers Union, as well as independent experts in mining WHS. The Department consults with the council on the determination of the Mine Safety Levy and the Mine Safety program, ensuring adequate stakeholder voice is given to the key issues.

**Existing or proposed program pricing strategy:**

Under the *Mine Safety (Cost Recovery) Act 2005*, the following costs are recovered via the Mine Safety Levy on mining industry employers:

- costs incurred by the Department in carrying out regulatory activities under or in connection with mine safety legislation;
- administration costs incurred by the Department in connection with mine safety legislation; and
- SafeWork NSW costs incurred in connection with mine safety legislation.

However, some services provided by the Department in relation to mine safety relate specifically to individuals or businesses. These activities are not recoverable under the *Mine Safety (Cost Recovery) Act 2005*, but are instead recovered on a fully distributed cost basis via a fee on end users. These services include licensing, laboratory and technical services, and education activities including workshops, seminars and conferences.

Application of the Productivity Commission's cost recovery principles to the existing program indicates that the cost of mine safety regulations should be recovered via a levy set at fully distributed cost – as is currently the case. The pathway through the cost recovery decision framework is represented as 1, 2b, 3, 4, 6, 7a, 10b, 11, 12, 13b, 15, recommending a levy on industry set to achieve fully distributed cost recovery.

The pathway through the cost recovery decision framework for other services provided by the Department relating specifically to individuals or businesses is represented as 1, 2b, 3, 4, 6, 8, 10a, 11, 13a, 15, recommending a fee on individuals or firms set to achieve fully distributed cost recovery.

**Key performance measures:**

The Mine Safety program provides the framework for risk-based and outcome-focused regulatory approach that is consistent, transparent and able to proactively respond to the challenges of regulating health and safety in the mining and petroleum sectors.

NSW Treasury guidelines stipulate that 'result indicators' should be identified which inform whether the activities of a program are making a positive impact on society. Relevant output and outcome indicators are also provided as examples of how the Mine Safety program contributes to higher-level Divisional measures of increased job growth and capital investment in NSW resources & energy sector, increased business confidence,

and increased customer satisfaction.

Output measures:

- implementing a risk-based and outcomes-focused regulatory approach supported by an incident-led prevention strategy;
- ensuring knowledgeable and skilled duty holders are able to effectively manage work health and safety risks;
- timely release of information and major investigation findings to educate and inform duty holders and decision makers.

Output indicators:

- proactive targeted mine interventions (target of 20 by July 2017);
- incident notifications centralised within an online framework by December 2016;
- incident summaries published weekly, investigation information releases published within 14 days and investigation reports published within 18 months of each incident;
- annual mine safety performance report published by December 31 each year;
- industry education and advisory information sessions, workshops and seminars held regularly (target of 12 p.a.);
- timely processing of licences and registrations (target of 90% within established timeframes);
- emergency management response capability (as a regulator) assessed every 12 months.

Outcome measures

- reduced incidence of work-related death, injury and illness by lower exposure to hazards;
- increased industry understanding of high-risk mining hazards, and effective implementation of appropriate controls;
- enhanced industry capability, processes and procedures to address human and organisational factors when managing risk.

Outcome indicators

- a reduction in the number of worker fatalities due to injury (target of at least a 20 per cent reduction by 2020).
- a reduction in the incidence rate of claims resulting in one or more weeks off work (target of at least a 30 per cent reduction by 2020).
- a reduction in the incidence rate of claims for musculoskeletal disorders resulting in one or more weeks off work (target of at least a 30 per cent reduction by 2020).

<p><b>Option 2.</b></p> <p>Transfer functions to SafeWork NSW</p>	<p><b>Description:</b></p> <p>This option would involve the removal of the specific mine work health and safety legislation and transfer of the regulatory responsibility to the general WHS regulator SafeWork NSW.</p> <p>This would provide similar outcomes as Option 1 but with the following differences:</p> <ul style="list-style-type: none"> <li>• removal of duplication between two existing safety regulators (SafeWork NSW and the Mine Safety Program);</li> <li>• consistency in approach of WHS regulation across all workplaces;</li> <li>• removal of the Mine Safety Levy, with a corresponding increase in SafeWork NSW levies on mining businesses; and,</li> <li>• potential for increases in rates of fatalities, serious injuries and illnesses associated with lower standards and less regulatory oversight of significant mining-specific hazards.</li> </ul>
	<p><b>Resourcing requirements:</b></p> <p>It is expected that the total program costs would be less than the current \$36.5 million budget for Mine Safety on the basis that fewer staff would be required to regulate mining-specific legislation, and efficiency savings could be made in various areas, for example administration, legal services, communications. (An accurate determination of the expected budget cannot be estimated without conducting a more thorough investigation of this potential option).</p> <p>However, from a whole of NSW Government perspective it is unlikely that there would be any material savings as the reduction in Mine Safety Program costs would be mostly offset by an increase in SafeWork NSW costs.</p>
	<p><b>Governance arrangements:</b></p> <p>Procedures and protocols as stipulated in the existing Departmental governance framework would continue to apply. Program specific governance arrangements would be modified to mesh with the arrangements and activities of SafeWork NSW. The Mine Safety Levy would be removed and thus would no longer require annual approval and reporting.</p>
	<p><b>Consultation strategy:</b></p> <p>As per Option 1, the NSW Mine Safety Advisory Council is an advisory board appointed by the Minister for Industry, Resources and Energy. The council could advise the Minister and SafeWork NSW on strategic mine safety issues.</p>
	<p><b>Existing or proposed program pricing strategy:</b></p> <p>As with Option 1, but with some expected differences yet to be defined. Costs would be recovered via premiums on workers compensation that SafeWork NSW already collects for non-mining work employers.</p> <p>Some services provided by SafeWork NSW in relation to mine safety could be recovered on a fully distributed cost basis. These services include licensing, laboratory and technical services, and education activities including advisory information sessions, workshops, and seminars.</p>

**Key performance measures:**

The key performance measures would be as per Option 1 but with the following differences:

- less focus on proactive targeted mine interventions;
- no specific communications initiatives for mining incidents or investigations or annual reporting on mine safety performance;
- less focus on mining-specific industry education and advisory information sessions, workshops and seminars; and
- no specific regulator emergency management response capability.

<p><b>Option 3.</b> Self-regulation</p>	<p><b>Description:</b></p> <p>This option would involve a more self-regulated ‘safety case’ model whereby duty holders (i.e. mine and petroleum site operators) would be legislatively required to develop and implement their own ‘case’ for managing risk and achieving safety outcomes. This option would empower the mining and petroleum industries to come up with their own solutions but still meet high-level safety objectives. It would involve less regulatory oversight compared to Options 1 and 2.</p> <p>The NSW Government would still be required to provide sufficient resourcing to enable review and ongoing monitoring of the development and implementation of a safety case by a duty holder, but there would be less focus on regular inspection and assessment of workplaces, and targeted interventions. Government would retain a role of investigating breaches of laws and major incidents.</p> <p>This option would aim to provide the same benefits as Option 1, but would come at a greater risk as they may not be realised.</p>
	<p><b>Resourcing requirements:</b></p> <p>It is expected that the total program costs would be less than the current \$36.5 million budget for Mine Safety on the basis that fewer staff would be required to regulate the industry. Resourcing requirements for regular workplace visits to conduct audits, assessments and targeted intervention would be less than for option 1, with the focus on review and monitoring of compliance with the safety case.</p> <p>Funding would still be via the Mine Safety Levy although to a much smaller amount. The budget and levy determination would still be made on an annual basis.</p> <p>(An accurate determination of the expected budget cannot be estimated without conducting a more thorough investigation of this potential option).</p>
	<p><b>Governance arrangements:</b></p> <p>As per Option 1 as Government would continue to have a role in ensuring compliance with work health and safety laws.</p>
	<p><b>Consultation strategy:</b></p> <p>As per Option 1, the NSW Mine Safety Advisory Council is an advisory board appointed by the Minister for Industry, Resources and Energy. The council could continue to advise the Minister on strategic mine safety issues.</p>
	<p><b>Existing or proposed program pricing strategy:</b></p> <p>As with Option 1, costs related to carrying out the (significantly reduced) regulatory activities could continue to be recovered via a levy on mine and petroleum site operators. This option would entail less regulatory oversight as the burden for compliance would shift to the operator, thus requiring fewer regulatory resources than under Option 1.</p>

**Key performance measures: KPIs**

The key performance measures would be as per Option 1, but with the following differences:

- less capacity to influence duty holder knowledge and skill;
- less capacity to ensure timely release of information and major investigation findings;
- less focus on proactive targeted mine interventions and appropriate controls;
- less capacity for industry education and advice;
- less focus on regulator emergency management response capability.

### Step 3 Options Assessment

Shortlist options by qualitatively listing below the benefits and costs of each option relative to the base case of 'no program'. If the program contains sub-components, it may be easier to consider the benefits and costs of each subcomponent.

	Benefits	Costs	Qualitative assessment of net impact
Option 1. Existing Mine Safety program	<ul style="list-style-type: none"> <li>• Avoided costs of injuries, illnesses and fatalities.</li> <li>• Avoided labour force participation and productivity costs.</li> <li>• Avoided legal and compensation costs.</li> <li>• Stability of long term minerals royalties paid to government.</li> <li>• More resilient regional and rural communities where mines are located.</li> </ul>	<ul style="list-style-type: none"> <li>• \$36.5m annual program cost (2015-16).</li> <li>• Unspecified industry compliance cost.</li> </ul>	<ul style="list-style-type: none"> <li>• Benefits significantly outweigh costs.</li> <li>• Ensures the health, safety and welfare of workers and the overall cost to communities, is not adversely impacted by the activities of the minerals and resource industries.</li> </ul> <p><b>Ranking: 1</b></p>
Option 2. Transfer functions to SafeWork NSW	<ul style="list-style-type: none"> <li>• Same type of benefits as Option 1, but at reduced levels.</li> </ul>	<ul style="list-style-type: none"> <li>• Less than \$36.5m annual program cost (i.e. less than for Option 1).</li> <li>• Increased SafeWork NSW costs.</li> <li>• Unspecified industry compliance cost (likely to be greater than for Option 1 due to no harmonisation with the regulation of mining activity).</li> </ul>	<ul style="list-style-type: none"> <li>• Benefits may outweigh costs. From a whole of government perspective costs would be about the same as Option 1, but benefits would be lower.</li> </ul> <p><b>Ranking: 2</b></p>
Option 3. Self-regulation	<ul style="list-style-type: none"> <li>• As per Option 1 but at significantly reduced levels.</li> </ul>	<ul style="list-style-type: none"> <li>• Less than \$36.5m annual program cost (less than for Options 1 and 2).</li> <li>• Unspecified industry compliance cost (likely to be greater than Option 1 due to need for greater self-regulation).</li> </ul>	<ul style="list-style-type: none"> <li>• Benefits may outweigh costs. Costs may be lower than Option 1, but there would be a significant risk that some benefits are not realised.</li> </ul> <p><b>Ranking: 3</b></p>

# Appendix A: Cost Recovery Decision Framework

