

20 August 2010

RIS Submissions

Workplace Health and Safety Queensland
PO Box 69
Brisbane QLD 4001

Sent via  whspolicy@justice.qld.gov.au

Dear Sir/Madame

LPG AUSTRALIA

SUBMISSION TO THE REGULATORY IMPACT STATEMENT

**OPTIONS TO MAINTAIN EFFECTIVE AND EFFICIENT REGULATORY REGIME
FOR MAJOR HAZARD FACILITIES AND LARGE DANGEROUS GOOD
LOCATIONS**

LPG Australia on behalf of the LPG industry in Queensland wishes to offer a Submission on the Regulatory Impact Statement (RIS) regarding the introduction of new fees on major hazard facilities and large dangerous goods locations.

The Submission is attached at Enclosure 1.

It is recommended that the fee on LPG installations proposed under this regime be reconsidered in the light of the already substantial fees paid to the Queensland Government through Department of Employment, Economic Development and Innovation (DEEDI)

The LPG industry is committed to safety and has developed and introduced many initiatives to improve the safety of gas facilities. There is a strong association between the industry and the Petroleum and Gas Inspectorate of DEEDI which is acknowledged as the Government expert body in LPG matters.

The LPG industry contends that there needs to be a full review of the relative authorities of the two departments with the intention of reducing duplication, red tape and the burden of unnecessary fees which will result in higher prices, directly affecting every member of the community who uses our product.

We would welcome the opportunity to further discuss the issues raised in this submission.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Mike Carmody', with a horizontal line underneath.

Mike Carmody
Chief Executive Officer

Enclosure: 1.

Distribution: LPG Australia Board of Directors
LPG Australia Safety, Standards and Technology Committee
LPG Australia Queensland State Branch

Commercial-in-Confidence

While there is no doubt that hazards exist on a LPG terminal or a DGL, these are less significant in terms of risk to those posed by a major chemical storage such as

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huge variation in fees across state borders supports the call for a review of the proposed new fee regime.

No benefit from the elimination of the Flammable and Combustible Liquids fees:

LPG, being a flammable gas, does not attract flammable and combustible liquid fees, and any other fees from Councils are usually very small. It would be reasonable to take this into account when setting fees for the LPG industry and establish a fee which reflected a similar discount to those who currently pay the flammable and combustible liquids fee.

Potential Effects on Consumers:

The imposition of yet another fee on smaller sites (DGLs) could well result in many consumers choosing to reduce stock levels to escape the fee. A 5 kl LPG site must not be considered a LDGL, given the number and length of service of these sites, and their substantial operational safety records throughout that service.

The imposition of additional fees will have a negative impact on the LPG industry as it will require more frequent deliveries, and invariably raise costs to consumers.

The resultant increase in product distribution will significantly increase operational risk as it will increase road transport, product handling and other associated safety risks. It will also add significant vehicle pollutants to the environment.

It should be noted that many of the communities which will bear the brunt of increased prices due to additional fees are based in regional areas, including aboriginal communities, where the cost of transport means that LPG prices are already well above city prices.

The inescapable increase in the price to the consumer must be considered in the context of Government initiatives to foster the use of LPG as an environmentally friendly and sustainable fuel, particularly with the removal of domestic electric storage hot water.

Duplication and Inefficiency of Regulation:

There is another issue which should be examined concurrently. There is a duplication of effort as LPG installations are required to provide, for example, Safety Management Plans both for WH&S and for DEEDI with different requirements. Notifications, reports and other matters are also required twice.

Particularly for Large Dangerous Goods Locations, into which category fall many thousands of small businesses such as LPG depots, the current administration by the Petroleum and Gas Inspectorate is fully comprehensive and does not need duplication.

Duplicate administration is clumsy, onerous, costly and time consuming both for Government and for industry and must be addressed and corrected.

Summary:

The LPG industry is committed to safety and has, in the past, introduced many initiatives to improve the safety of gas facilities. There is a strong association between the industry and the Petroleum and Gas Inspectorate of DEEDI which is acknowledged as the Government expert body in LPG matters.

There is however a need to closely examine the value being obtained from any service fee. In this case, much of the value is already being financed by the Audit and Inspection Fee levied under the P&G Act

Recommendations:

1. It is recommended that the fee on LPG installations proposed under this regime be reconsidered in the light of the already substantial fees paid, and to be paid to Government through DEEDI.
2. It is recommended that the fee to be recouped from the existing DEEDI fee and arranging any necessary reimbursement to Workplace Health and Safety by internal transfer.

3. It is recommended that DEEDI and WH&S confer to review the current legislative regimes with a view to streamlining the reporting and other processes to ease the regulatory burdens on industry and their associated costs. The vastly different fees in other Australian states must serve to illustrate that a review of the fee structure, rather than a duplication of fees structures is urgently required.
4. It is recommended that any processes adopted in a review, or in the establishment of any new fee structure be transparent to facilitate industry input and increase industry confidence.

For consideration and advice,

A handwritten signature in black ink, appearing to read 'Mike Carmody', with a horizontal line underneath.

Mike Carmody
Chief Executive Officer