

Potentially Hazardous Industries Compliance

Fact sheet

June 2016

What is a hazardous industry?

Hazardous industry is distinct from other industry types in that they handle, store or process substances which in the absence of appropriate controls may create an off-site risk to people, property or the environment. Hazardous industry includes many different types of operations such as chemical manufacturing, food processing and the storage and distribution of petroleum products.

This factsheet provides a simple explanation of the audit campaign undertaken by the Department in 2015.

What is a hazard audit?

A 'hazard' audit is a specific type of compliance audit that focuses on the conditions of the Department's project approval that guide hazard management at each individual facility.

A compliance audit is a regulatory tool that involves the assessment of the level of compliance with a standard, or the adequacy of a regulatory instrument, and:

- Is carried out independently from day-to-day regulation of the subject;
- Uses systematic, repeatable methodology to reach a conclusion; and,
- Publicly reports the outcome of the audit program.

A hazard audit does not separate 'administrative' non-compliances from 'operational' non-compliances, which is common practice for environmental audits. This is because the administrative processes of a hazardous facility are essential to hazard identification and management, ensuring the facilities continue to be safe and operate at a high level of community confidence.

Why did the Department audit hazardous industries?

Hazardous industries provide essential resources to the community such as fuels for cars, household cleaning products, building materials, processed foods and paper products. It is important however, that the community has confidence that these facilities are implementing appropriate controls by operating in accordance with their project approval conditions.

The 2015 Potentially Hazardous Industries Audit Campaign was undertaken to follow-up the actions arising from a similar campaign in 2013 and to ensure ongoing compliance with the conditions of the project approvals relating to hazard management.

How does the Department approve projects for hazardous industries?

The Department has a process for operators to identify and assess the hazard risk of a project, and also develops conditions of approval that assist operators to manage hazardous processes. For example, the project approval can require an operator to:

- Conduct a preliminary hazard analysis to support the project application;
- Develop a hazard and operability study, fire safety study, emergency plan and an updated hazard analysis during the design phase of the project;

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- Conduct a safety study during construction;
- Implement a safety management system to give safety assurance during ongoing operation; and,
- Commission an independent specialist to conduct regular hazard audits to ensure that the facility is being operated safely and in accordance with its approval.

Which facilities were audited as part of the Department's 2015 Campaign?

The 2015 Potentially Hazardous Industries Audit Campaign reviewed compliance of a representative sample of hazardous facilities against their project approval conditions. A total of 25 facilities (as shown in Figure 1 below) were subject to a detailed desktop review and 10 facilities were identified as requiring a site inspection during the 2015 Campaign.

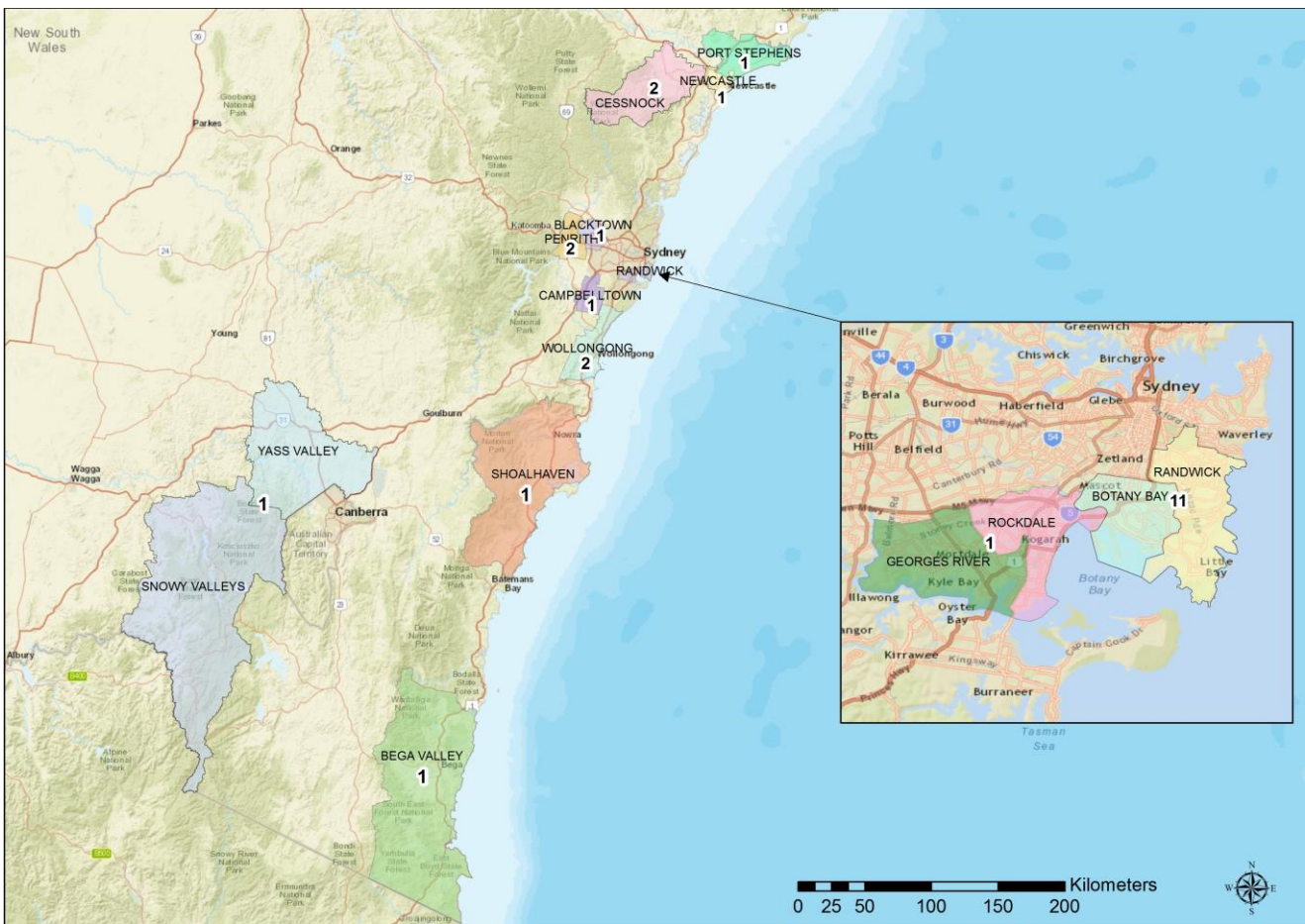


Figure 1: Local Government Areas of the 25 facilities audited in the 2015 Potentially Hazardous Industries Audit Campaign

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Who conducted the hazard audits?

The 2015 Potentially Hazardous Industries Audit Campaign was undertaken by the Department's Compliance Unit, with site inspections completed between May and July 2015. The Department also engaged independent consultants, specialising in industrial hazard management, to attend each site inspection and provide technical advice on the findings.

What did the 2015 campaign find?

No non-compliances were identified during the 2015 Potentially Hazardous Industries Audit Campaign that present an immediate off-site risk to people, property or the environment. The facilities inspected were found to be generally operating at a high level of compliance with their conditions and/or commitments.

Had any non-compliances been identified during the campaign that presented an off-site risk to people, property or the environment, the Department would have taken immediate action to ensure the safety of the community and the environment. A total of 34 non-compliances were identified and the Department has instructed operators to correct each non-compliance within a set timeframe.

A summary of audit results for the project approval conditions are provided in the Table 1 below.

Summary of Potentially Hazardous Industries Site Inspections

Table 1: Summary of the 2015 Potentially Hazardous Industries Audit Campaign non-compliances by category and significance-rating

Non-compliance Category	Significance-Rating			Total
	High	Moderate	Low	
Failure to adequately implement recommendations arising from independent hazard audits	2	6	2	10
Failure to comply with requirements relevant to storage and/or transport of hazardous materials	3	2	-	5
Failure to prepare, update and/or implement relevant hazard studies and management plans (such as Construction Safety Study, Fire Safety Study, Emergency Plan, Hazard and Operability Study, Final Hazard Analysis, Safety Management System)	4	6	-	10
Failure to comply with other relevant hazard related conditions of consent	-	5	2	7
Failure to ensure activities undertaken are consistent with development consent	-	1	1	2
TOTAL:	9	20	5	34

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A number of high significance non-compliances were identified. This ranking reflects a failure to manage a hazard that can potentially cause harm, however none of the non-compliances involved actual material harm to people, property or the environment.

The most common non-compliances were failure to:

- implement recommendations arising from independent hazard audits, such as regularly updating site hazard management documents to reflect changes in processes or technology;
- prepare, update and/or implement relevant hazard studies and management plans such as Hazard and Operability Studies or Safety Management Plans; and,
- comply with requirements relevant to storage and/or transport of hazardous materials, such as the storage of flammable liquids in accordance with Australian Standards Codes of Practice.

The 2015 Campaign revealed some general improvements in hazard related management practices:

- no enforcement action resulted from the 2015 Campaign;
- facilities conducted regular independent hazard audits as required by the project approval;
- facilities developed tracking systems to prioritise and monitor hazard management; and
- operators introduced hazard related performance indicators, driving improved hazard control measures and safety outcomes.

What is the ongoing monitoring and future actions?

Each of the facility operators will implement an action plan to address the non-compliances and post-audit actions identified by these audits within agreed timeframes. The Department will follow up with each facility to ensure agreed action plans are being implemented. Progress on actions will be reported in the facility's respective annual reports/annual environmental management reports. Further action will be taken by the Department if these action plans are not implemented.

By tracking the implementation of recommendations made by independent hazard auditors for these facilities, the Department can ensure an adequate level of hazard control and safety, thereby, minimising the unacceptable off-site risk to people, property or the environment.