QENOS OLEFINS LODGES ITS SAFETY CASE

Qenos

March 22, 2002

On February 28, 2002, Qenos Pty Ltd lodged its Safety Case for the Olefins plant with the Major Hazards Division of WorkSafe, to be followed with lodgement of its Safety Case for Qenos Plastics, Elastomers and Resins in June, 2002.

Qenos Olefins was requested in the second half of 2000, to prepare its Safety Case in co-ordination with Qenos Plastics, Elastomers, Resins, Australian Vinyls Laverton, Dow Chemical, Esso Australia (Long Island Point) and ExxonMobil Altona Refinery.

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As part of the Altona Complex, Qenos has ongoing liaison with representatives from the City of Hobsons Bay Emergency Management Committee, the Altona Complex Neighbourhood Consultative Group, industrial neighbours and other members of the community, about the risks associated with Qenos operations and the safety programs they have in place to minimise those risks.

In developing its Safety Cases, Qenos as the operator of a Major Hazards Facility (MHF), assesses the nature and extent of hazards from its operations, and the potential consequences of an incident to the public and the environment. This hazard assessment will include realistic or most likely worst case scenarios, which is a description of the largest potential impact of an accidental release on the public and the environment.

A licence will be granted by WorkSafe for a maximum period of five years. The Safety Case must then be updated, resubmitted and the licence reapplied for. There is a requirement to update the Safety Case under other conditions e.g. major changes to facilities.

Over the next six months, WorkSafe will be reviewing the Qenos Safety Case to ensure it meets the Regulation's requirements prior to issue of licence. Throughout 2002, Qenos will be communicating with employees, local council, Altona Complex Neighbourhood Consultative Group including the company's Environmental Monitoring Teams, Emergency Services and neighbouring industries, about the risks associated with its manufacturing facilities, what the plants do to reduce those risks and what their emergency plans are if something goes wrong.

On issue of the licence, Qenos will lodge with the local libraries a document that summarises the Safety Case including a copy of the licence. This information will also be available on the Qenos website (www.qenos.com).

It is appreciated that most people are not familiar with the various aspects of a Safety Case. For this reason, please note below responses to the most frequently asked questions:

Q. What is a Safety Case?

A. A Safety Case is a document used to describe a sophisticated, comprehensive and integrated risk management system for a major hazard facility. A safety case regime is characterised by an acceptance that the direct responsibility for the ongoing management of safety is the prime responsibility of the operators, not the regulator.

The Safety Case regulatory concept originated from United Kingdom. The National Occupational Health and Safety Commission has issued a national standard on the 'Control of Major Hazard Facilities' and the Victorian regulations refer to this standard. Other Australian states are progressively following the same philosophy.

A Safety Case is meant to reflect in detail the philosophy and methodology of how safety is managed at a major hazard facility; a safety management system is the working structure for achieving safe operation.

The Safety Case includes details of safety management arrangements and risk assessment studies, which, once submitted and accepted by the regulator, form a co-regulatory guidance document that sets both the standards to be achieved and the mechanism for achieving them.

A Safety Case serves two main purposes:

- To initially give the 'operator' and regulator confidence that the operator has the ability, commitment and resources to properly assess and effectively control risks to the health and safety of all employees and the general public;
- To provide a comprehensive working document against which the operator and the regulator can check that the accepted risk control measures and safety management systems have been properly put into place and continue to operate in the way in which they are intended.

For Qenos, the Safety Case program will help drive the continuous improvement of risk management.

Qenos has used the safety case development process to clarify, review, assess and improve its current safety management system.

Q. What is the role of the Major Hazards Division of WorkSafe?

A. The Major Hazards Division of WorkSafe has primary responsibility for the administration of the Occupational Health and Safety (Major Hazard Facilities) Regulations 2000 (MHF Regulations) and administration of all safety legislation at Major Hazard Facilities. The MHF Regulations set out the requirements for Major Hazard Facilities to prepare a Safety Case and control their major hazard risks.

Q. What is the purpose of the Major Hazard Facilities Regulations?

A. The purpose of the Regulations is to promote safe operation of Major Hazard Facilities by reducing the likelihood and consequences of major incidents. The Regulations require the operator of each MHF to prepare a Safety Case for submission to WorkSafe.

The operator of each MHF is responsible for ensuring that safe operation of the facility is achieved. A licence will be required to operate an MHF, but WorkSafe will issue an MHF licence only after being satisfied that the operator has complied with the regulatory duties and has the ability to operate the facility safely.

The Regulations specify a general standard that risks should be eliminated or reduced so far as practicable. This is the basis from which operators need to develop their own specific standards, appropriate to their operations. These standards must ensure safe operation through the adoption of adequate control measures and the implementation of a safety management system which supports and maintains the control measures. These control measures are the barriers to prevent an incident and mitigate its impact.

Q. What are the Key Principles of the Regulations?

A. The Regulations place the responsibility on Qenos as the operator. Qenos must ensure that its facilities are operated safely, utilising a structured Hazard/Risk Control approach.

Qenos must submit a Safety Case which addresses both on-site (employees) and off-site (public) safety and involve consultation with employees including health and safety representatives, local council and the local community.

Once WorkSafe evaluates the effectiveness of safety at the facility (within six months of the Safety Case submission), a licence will be issued.

Q. What is Qenos' approach to Major Hazards?

A. Qenos wants to develop a high level of understanding of the potential hazards and layers of protection which prevent incidents from occurring.

Qenos believes that the local community has a right to know about the risks associated with its operations and the management and safety systems they have in place to minimise those risks.

The Qenos Safety Case is primarily structured on the following methods to provide safe operation:

- Use of engineering standards to ensure inherent safety in design;
- Use of corporate standards and systems i.e. Safety, Health and Environment Operating System (SHEOS). SHEOS is the primary method for ensuring safe operation for Qenos;
- Use of Procedures and Training;
- A hierarchy of control philosophy that places emphasis on the elimination and prevention of major incidents;

Both of the Qenos Safety Cases will sit within SHEOS.

Q. Is it safe to live near Qenos and the Complex?

A. In 1987, the State Government of Victoria, requested independent experts to assess the risk to the local community if there was a fire, explosion or release of chemicals in the Complex. The study considered the level of community risk to be low. The consultants found that all the Complex companies maintained a high standard of accident prevention and were well managed. Risks have been significantly reduced over the years since then.

Q. If there is a serious incident, will the local community know what to do?

A. Yes. A Community Awareness and Emergency Response (CAER) system is in place within the Altona Chemical Complex. This system is tested on the first Sunday of every month at 10.00 am. The siren will be used if an emergency at Qenos has a high potential to affect nearby residents. All local households have been provided with a `fridge' magnet that clearly outlines emergency instructions. Qenos, as part of the Altona Complex, has dedicated phone links to local schools, kindergartens, City of Hobsons Bay and the Westgate Migrant Resource Centre.

Qenos is working with the City of Hobsons Bay, representatives from the Complex Emergency Response Team (CERT), local emergency services and other major hazards facilities within the City of Hobsons Bay, to ensure coordination of industry and emergency services. Led by City of Hobsons Bay Municipal Emergency Response Officer, this group is responsible for ensuring that there are appropriate emergency plans to cover any foreseeable emergencies and that these plans are regularly tested through plant simulations.

Q. What is CAER?

A. CAER procedures are internationally recognised and used by many communities in Australia and overseas. The program was developed in 1989 by the Altona Regional Displan Committee to enhance public safety and improve local emergency response. Householders should not be alarmed by these instructions as they are solely to ensure that there is general awareness of correct emergency action.

Q. What does Qenos produce?

A. Qenos is a leader in the production of ethylene, polyethylene, polypropylene and synthetic rubber. The Altona Chemical Complex began production in the early 1960s and is the largest production centre for petrochemicals, synthetic rubber and plastics in Australia today. In Altona, the four sites cover 156 hectares and are located in Kororoit Creek Road & Maidstone Street, Altona. Other Qenos plants are situated in Fitzgerald Road, Laverton, Vic and 16-20 Beauchamp Rd, Matraville NSW.

Qenos Plants in Altona

Olefins Altona: Originally Altona Petrochemical Company Limited (APC), the company was Australia's first major primary petrochemical plant. Commissioning of the Steam Cracker Altona Number 1 plant occurred in 1961 followed by the Steam Cracker Altona Number 2 plant which was commissioned in 1971

Elastomers Altona: The Butadiene rubber plant was commissioned in May 1967 to produce polybutadiene rubber (BR).

Plastics Altona: Qenos Plastics manufactures High Density Polyethylene (HDPE). The low pressure process plant was commissioned in 1972. Low pressure polymerisation is the industrial process used to transform ethylene into polyethylene.

Resins Altona: Production began at the site in 1967 as Hoechst Australia. Qenos Resins produces raw materials—high density polyethylene and polypropylene.

Qenos Products

Plants	Main Products	End Uses
Olefins	Ethylene Propylene Butadiene	Basic raw materials for production of plastics, synthetic rubber and other chemicals.
Plastics	High Density Polyethylene	Plastic materials used for automotive parts, bottles, water and gas pipe, wire and cable insulants, miscellaneous moulded articles, plastic components for motor vehicles
Elastomers	Polybutadiene Rubber	New tyres, conveyor belts, general rubber products.
Resins	High Density Polyethylene Polypropylene	Automotive parts, bottles, packaging, electrical appliances and extensive range of domestic and consumer goods

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