



5 November 2015

Ms Penny Armytage
Chairperson
Ministerial Advisory Committee for Inquiry into
EPA
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Dear Sir/Madam,

Submission to Ministerial Advisory Committee – Examining the future task of the Victoria’s Environment Protection Agency (EPA)

The Plastics and Chemicals Industries Association (PACIA) welcomes the opportunity to provide this submission to the Ministerial Advisory Committee’s inquiry examining the future task of Victoria’s EPA.

PACIA, PACIA member companies and the EPA have a long history of working together to improve environmental outcomes for Victoria. This collaboration continues with the EPA playing a central role in the creation of Centre for Green Chemistry Futures (GCF) and Victorian Centre for Sustainable Chemical Manufacturing (VCSCM) in conjunction with Monash University, the CSIRO and PACIA.

Any review of the future task of the EPA must recognise the on-going importance of EPA’s collaboration with industry, academia and the research and development community to deliver innovation which improves environmental outcomes. The future task of the EPA should include a continued commitment to these and similar initiatives in the future.

PACIA and the Chemistry Industry

PACIA is the peak national body representing the business of chemistry in Australia.

Our members include chemicals manufacturers, raw material suppliers, plastics fabricators and compounders, importers and distributors, logistics and supply chain partners, chemicals and plastics recyclers, and service providers to the sector. These businesses range from small family-owned companies and innovative medium-sized enterprises, to leading national and multinational enterprises.

The chemistry industry – comprising the chemicals and plastics sectors - is the second largest manufacturing sector in Australia. The chemistry industry:

- supplies 109 of Australia’s 111 industries – about 805 of the sector’s outputs are inputs to other sectors of the economy;
- contributes \$11.6 billion to Australia’s gross domestic product;
- comprises 5,500 small medium and large businesses nationally; and
- directly employs more than 64,000 people.

The local chemistry industry is not only important in its own right, but has a multiplier effect on productivity and cost saving benefits to the broader economy. Each job in the chemicals and plastics sector creates five more in related supply chains. The industry's central role in multiple supply chains provides benefits that exceed the directly attributable benefit of the industry.

Future Task of the EPA – General Comments

The discussion paper correctly identifies the context in which the EPA will work into the future – that is, with the constant change in: population; the economy and technology; the environment; and government and community expectations. To meet the challenges associated with constant change, the following fundamental principles must continue to underpin the work of EPA into the future:

1. the application of a sound and strong scientific base to inform its decision-making processes and actions;
2. the application of compliance and enforcement techniques that employ appropriate risk management to allocate resources to the areas of greatest risk, that encourage voluntary compliance and which impose the least possible burden on those with a proven track-record of doing the right thing;
3. a proactive and strategic approach that aims to prevent situations that will increase the need for regulatory activity and conflict between stakeholders. For example, the EPA should play an increased role in land-use planning to establish appropriate buffer zones between different land-uses to prevent potential conflicts that result in additional regulatory burdens for stakeholders and the diversion of EPA resources to conflicts that could have been avoided by better planning and land-use decisions;
4. the adoption of a collaborative approach to working industry to foster and encourage improved environmental outcomes; and
5. a pragmatic approach to environmental protection that recognises the importance of sustainable and viable businesses and industries to the on-going prosperity of Victoria.

Future Task of the EPA – Specific Issues

- EPA Funding

The EPA protects all Victorians and all of the Victorian environment. Hence, all Victorians should contribute to the cost of running the EPA.

EPA revenues have significantly exceeded the annual cost of running the EPA for many year, resulting in the accumulation of sizeable cash and asset reserves by the EPA.¹ The bulk of the EPA's annual budget surplus has come from landfill levies paid by municipal and industrial users.

Landfill levies clearly play a role in reducing the use of landfill and encouraging alternative disposal techniques, including recycling and beneficial reuse. It must nevertheless be recognised that levies increase business costs and can reduce the competitiveness of Victoria as a place of doing business. Landfill levies, particularly for industrial users, must be set with an appropriate balance between discouraging the generation of waste and recovering the actual cost of waste disposal.

Licence fees are also an important source of funding for the EPA. PACIA accepts that those creating a need for regulatory activity should contribute to the cost of regulation – that is, the user pays principle. However, licence fees and other charges also increase business costs and impact the competitiveness and attractiveness of Victoria as place to do business and/or invest. Licence fees and other charges need to reflect EPA costs and should not operate as tax on Victorian businesses.

¹ The EPA's cash and asset reserves were transferred to the Department of Environment, Land, Water and Planning on 1 July 2015

- **Agency overlap and reducing red-tape**

PACIA members interact with a broad range of government agencies, including the EPA, local councils, planning authorities, and health and safety regulators. Overlap in the scope of the various agencies increases the burden on business and creates unnecessary red-tape. Looking at the future task of the EPA, better co-ordination of environmental issues among government agencies would benefit business, government and the broader community.

- **Climate Change**

Climate change is clearly an issue impacting all Australians and the global community. Globally co-ordinated action to address climate change is clearly the preferred approach. In the Australian context, the Commonwealth Government is now developing nationwide strategies to address the challenge of climate change and reduce Australia's CO2 emissions.

The EPA has a role in supporting climate changes policies and outcomes. However, separate Victorian regulation to address climate change administered by the EPA would introduce additional burden on business and increase red-tape at a time when the Victorian economy is looking to attract investment and develop future industries to alleviate the impacts of the closure of automotive manufacturing in the state.

Climate change policy and regulation should be left to the Commonwealth Government.

- **Land-use planning and encroachment**


The discussion paper highlights the challenges of managing changes in land-use as the Victorian population grows, particularly the demand for residential land in areas close to existing industrial sites. The encroachment of residential land-uses on industrial areas continues to be a major concern for industry – it increases costs, can reduce capacity, distracts management, causes preventable conflicts and can ultimately threaten the viability of industrial activities.

A reduction of industrial activity associated with land-use encroachment can have a dramatic impact on residential communities resulting in higher unemployment and the loss of opportunities for youth looking to enter the workforce.

Looking to the future, the EPA should play an increased role in land use planning to prevent potential land-use conflicts.

Conclusion

PACIA supports the work of the Ministerial Advisory Committee. An EPA focused and resourced to respond efficiently and effectively to community and environment concerns and which strikes an appropriate balance between environmental protection and the need for a viable and sustainable business environment is essential to the on-going prosperity of Victoria and its environment.

If you have any questions concerning this submission, please contact me on 

Yours faithfully



Bernard Lee
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