



COMMISSIONER FOR
BETTER REGULATION

GPO Box 4379
Melbourne Victoria 3001
Telephone: 03 9092 5800

22 March 2018

Ms Nina Cullen
Acting Deputy Secretary
Energy, Environment and Climate Change
Department of Environment, Land, Water and Planning
Level 1, 8 Nicholson Street
EAST MELBOURNE VIC 3002

Dear Ms Cullen

POLICY IMPACT ASSESSMENT FOR THE DRAFT WASTE MANAGEMENT POLICY ON THE MANAGEMENT AND STORAGE OF COMBUSTIBLE RECYCLABLE AND WASTE MATERIAL

I would like to thank your staff for working with the Office of the Commissioner for Better Regulation on the preparation of the Policy Impact Assessment (PIA) for the proposed new *Waste Management Policy (Combustible Recyclable and Waste Material) 2018* (the Policy), designed to ensure waste and resource recovery facilities are managed in a manner that minimises the risk to human health and the environment of fires.

As you know, under an agreement with the Environment Protection Authority (EPA), we provide independent advice on the adequacy of analysis presented in PIAs prepared in Victoria, analogous to that given for Regulatory Impact Statements. In doing so, the Commissioner's role is to advise on the adequacy or otherwise of the discussion and analysis presented in the PIA overall, rather than the merits or otherwise of policy or regulatory proposals. To be adequate, the analysis presented in a PIA should be logical, draw on relevant evidence, be transparent about any assumptions made, and be proportionate to the proposal's expected effects. In other words, the PIA needs to provide relevant background to enable informed community consultation on the proposal.

I am pleased to advise that the final version of the PIA received by us on 20 March 2018 meets the adequacy standard.

This PIA deals with managing waste and resource recovery facilities in a manner that minimises the risk fires pose to human health and the environment. The Policy largely replicates and replaces the Interim *Waste Management Policy (Resource Recovery Facilities) 2017* (The Interim Policy). The Interim Policy was declared on 29 August 2017 subsequent to the July 2017 recycling facility fire in Coolaroo, which highlighted the risks of stockpiling combustible materials at waste and resource recovery facilities. The Interim Policy was declared without delay by the Minister to manage the immediate risks of fire to Victorians. Given this, it was not accompanied by a Policy Impact Assessment.

The waste and resource recovery industry is characterised by large volumes and high throughput, which means significant amounts can be accumulated in a short time. Market disruptions can cause facilities to stockpile combustible recyclable and waste material. Some operators may also store material without a plan for processing. The large stockpiles that may be accumulated due to the

nature of the industry can pose a significant risk to human health and the environment if they are not managed appropriately to minimise fire risk.

According to the Resource Recovery Facilities Audit Taskforce, there is a small number of sites in Victoria which pose an extreme risk to human health and the environment, and over five hundred which pose medium or high risks. For example, the Department of Environment, Land, Water and Planning (the Department) estimated that the Coolaroo fire imposed \$34 million or more in damage costs to the community, including emergency response, clean up and human health impacts.

There are several overlapping regulatory regimes in place such as land use planning, occupational health and safety, building codes, fire services regulations and pollution abatement notices. However, the Department argues that these existing controls are currently insufficient or inadequate to manage the risks posed by the stockpiling of combustible waste. The PIA considers options to extend coverage of existing regulations, increase compliance and enforcement action, improve regulatory co-ordination and the use of non-regulatory interventions. Declaring a waste management policy is the Department's preferred option.

Compliance with the Policy can be demonstrated by following the EPA Guideline, *Management and storage of combustible recyclable and waste materials*. This Guideline provides advice on site selection, fire prevention, risk assessment, fire mitigation, fire risk management planning and CRWM storage. The Guideline is being reviewed by EPA in consultation with stakeholders and may be amended prior to or after declaration of the proposed WMP. The PIA analyses the impact of the Policy based on compliance with this Guideline.

The PIA estimates that the total costs of the Policy to Victorians, comprising industry compliance, industry transition and government regulatory costs, will be around \$10 million over ten years. The Department believes it is likely that the Policy would reduce the risk of large scale fires by more than enough to break even over ten years.

The PIA notes that reforms emerging from the 2016 Independent Inquiry into the EPA could provide new approaches for mitigating risks to the community, such as more flexible permissioning tools. However, as the risks already exist, and the Interim Policy expires in August 2018, the Policy is the preferred option for managing those risks until such time that new options emerge through the reforms.

Should you wish to discuss any issue raised in this letter, or subsequent changes to the proposal arising through the public consultation process, please do not hesitate to contact me on (03) 9092 5800.

Yours sincerely



Anna Cronin

Commissioner for Better Regulation