

EPA Board Summit 2015 summary report

Better regulation: Driving innovation in SA

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Executive summary

This report summarises the proceedings of the Environment Protection Authority (EPA) Board Round-table Summit *Better Regulation: Driving Innovation in SA* on 12 May 2015.

In accordance with section 19 of the *Environment Protection Act 1993* (the Act), the Board holds an annual round-table conference to assist the EPA, the Board and the Minister for Sustainability, Environment and Conservation assess the views of interested bodies on matters related to the operation of the Act and protection of the environment.

This year, the Board again decided, as part of its stakeholder and community engagement program, to host more than one significant gathering in order to fulfil this requirement, and undertake more targeted consultation. The summit was the first of these events.

The format and focus for the summit was designed to provide an opportunity to consider how better regulation can drive innovation in SA and how we can work together to support business, promote innovation and remove unnecessary burdens on business while protecting the environment. A total of 32 delegates representing a cross-section of business, industry, government and non-government sectors participated in two facilitated sessions.

Denise Picton of OzTrain Consulting, was the facilitator for the program.

EPA Board Presiding Member Mia Handshin officially opened proceedings and formally announced the *Statement of Agreement*, developed in partnership by the EPA, Business SA and the Australian Industry Group. The new booklet *Good for Environment, Good for Business* was also launched, which includes a series of case studies highlighting how successful, innovative businesses in SA can co-exist with and be supported by well practised regulation.

This was followed by a keynote speech from Raymond Spencer, Chair of the SA Economic Development Board and an EPA licensee case study provided by David McKay, Chief Operating Officer of Thomas Foods International.

During the round-table discussions, participants acknowledged that progress had been made, and identified areas where the EPA could improve its influence and effectiveness. Some of the key outcomes included:

- The EPA needs to take a risk-based approach as an environmental regulator and focus on the outcomes.
- The EPA needs to be a facilitator and educator not just a regulator.
- Collaborative approach was acknowledged as an area the EPA does well, but further work needs to be done in the area of providing clear, streamlined regulation.
- Attendees recommended the EPA to encourage innovation and reward good performers

The EPA acknowledges the important contribution of Summit attendees. The outcomes confirm and validate the direction currently being pursued through the EPA Corporate Plan and Compliance Plan.

It is also acknowledged that there is always further work to be done and improvements to be made. The 2015 Round-table Summit has provided a number of valuable suggestions to be considered and progressed by the EPA.

1 Opening address by EPA Board Presiding Member Mia Handshin

Ms Handshin officially opened the Summit and outlined the purpose of the gathering and the Board's objectives.

She spoke about the focus for discussion by noting the following:

- > Old notions of competition and conflict between the economy and environmental protection are being reframed.
- > The Environment Protection Act was designed to be a 'framework to safeguard the essential life-supporting qualities of the SA environment, to promote and stimulate sustainable development and environmentally sound practices on the part of the vital wealth-generating sectors of the state'.
- > The EPA was established to work positively and constructively with industry and community to achieve cost-effective pollution prevention, and waste reduction and management.
- > The Summit provides the EPA with an opportunity to listen and engage with our key stakeholders to better understand and address emerging environmental issues and identify solutions, in addition to receiving feedback on how the EPA can work more effectively to ensure a better environment for the wellbeing and prosperity of all South Australians.
- > Premier Jay Weatherill's blueprint for the state's future places our clean, green environment and its wealth-generating capacity at its centre. By 2017 the Premier wants to create a system of regulation which promotes innovation and removes unnecessary burdens on business and the community, while safeguarding consumers and the environment.
- > Protecting, restoring and improving our environment is an important part of realising the larger vision of our state's future. The EPA must continually strive to be at the very forefront of facilitating the win our state needs in social, environmental and economic terms in order to realise the best possible version of our future.
- > The EPA has produced a new booklet *Good for Environment, Good for Business*, which includes a series of case studies highlighting how successful, innovative businesses in SA can co-exist with and be supported by well-practised regulation. The examples demonstrate how good environmental practice is in fact fostering and facilitating new opportunities for business, securing jobs and generating growth.
- > The EPA is developing an awards program to acknowledge and reward 'beyond compliance' efforts of South Australian businesses and industry. This program will assist in fostering new ways of doing things by recognising those who demonstrate exceptional environmental management practices and approaches.
- > The EPA's new *Strategic Directions 2015–2018* was launched on 1 May 2015 with three key objectives for the coming three years:
 - Support wellbeing and prosperity.
 - Keep people informed and engaged.
 - Be an effective and trusted regulator.
- > The launch of a landmark *Statement of Agreement* developed in partnership by the EPA, Business SA and the Australian Industry Group, represents our collective commitment to work together in promoting better outcomes through continuous improvement in management and better regulatory practice based on principles of mutual respect, open communication and meaningful engagement.

2 Address by Chair of the SA Economic Development Board Raymond Spencer

Mr Spencer gave a presentation on the Summit theme and his view of the EPA from a business perspective:

- > South Australia is at a pivotal time in its history. This is the decade when it will be decided whether it is a new dawn or an approaching dusk, whether South Australia continues to be a glowing example of one of the world's greatest places to live or a 2030 Harvard case study entitled 'Lost Opportunity'.
- > Our ability to maintain and increase our prosperity depends on thinking ahead of the game, and being able and prepared to execute increasingly complex solutions. In short, we have to work smarter.
- > If we are complacent, take our good fortune for granted and do not change, South Australia will be surpassed by growing economies in our region and we will not be able to provide for future generations the lifestyle to which we have grown accustomed.
- > We are at a threshold and must work together and act now to put in place measures to counter the challenging times ahead. We must trust in our ability to adapt as a state.
- > Economic growth and wealth creation cannot be successful if these come at the cost of social and environmental degradation. To this end we need to continue institutionalising decision-making processes that combine economic, environmental and social considerations.
- > Present generations should ensure that the health, diversity and productivity of the environment are not degraded for future generations. We cannot sacrifice the future for today's economic strengths. The conservation of biological diversity and ecological integrity should be a fundamental consideration in the state's economic development.
- > The EPA's role is to stay up to date with the world's best science so that positive environmental outcomes are considered in the overall assessment of economic success, and by including indicators of positive environmental outcomes in monitoring and reporting frameworks. This implies that EPA staff have access to the latest toolkit to facilitate their decision making in order to achieve best practice outcomes.
- > The EPA should be able to assist business to incorporate various technologies such as energy efficiency, natural resource efficiency, clean energy and waste minimisation in their business solutions for sustainable economic development.
- > All organisations can be innovative but it takes a disciplined approach, hard work and a willingness to fail but never to be defeated.
- > How can we be more effective and have greater impact? It's about fostering a culture of innovation and maximising the potential of our state by taking any opportunity to use and implement complex and smarter solutions.
- > The EPA is encouraged to continue red tape reduction and ongoing reform of processes used to implement its policies. Business looks for speed in decision making and consistency. A quick 'no' is often more valuable than a long, drawn out, watered down 'yes'.
- > If business, government, social agencies and the community invest and work together, South Australia can reach even greater heights of prosperity and be the most liveable place in the world and a global model for 21st-century living and wellbeing with an opportunity to be seen as an incubator of the essential ingenuity the world needs. Why would we want anything less?

3 Address by Chief Operating Officer of Thomas Foods International David McKay

Mr McKay gave a presentation on how the constructive relationship between the EPA and TFI equalled business success and prosperity for TFI.

- > TFI's Murray Bridge facility has undergone and implemented the following environmental initiatives:
 - site beautification (planting of native trees and lawn around the site)
 - waste water treatment plant built onsite
 - biogas reuse program (high efficiency dual fuel boilers capable of utilising biogas produced by the covered anaerobic lagoons)
 - lairage upgrade (increased head holding capacity, three additional unloading ramps, and new ring road and entrance route)
 - Installation of a bio-filter.
- > Over time, TFI has developed a relationship with EPA as a facilitator, not just a regulator, recognising that the African proverb, 'If you want to go fast, go alone, but if you want to go far, go together' has applied.
- > Together TFI and the EPA have worked with local community to address their concerns and this has enhanced the company's standing in the region.
- > TFI has developed a sustainable, low-cost and innovative plant providing offsets in the range of \$600,000 per year. What was good for its business was also good for the environment coupled with the clear innovation that TFI has taken to solve its carbon footprint issues. These initiatives have fostered growth for the company including opening up new markets for their products leveraging the 'green' credentials of their operations. This has secured jobs for the local community.
- > TFI, owned by the Thomas family, is the largest privately owned meat processing facility in Australia employing over 2,500 staff in four facilities at Murray Bridge and Lobethal (SA), Wallangarra (QLD) and Tamworth (NSW).
- > TFI was originally founded as a livestock trading and service processing operation in the late 1980s but is now one of Australia's top three meat processors with the largest skin and hide division in the southern hemisphere.

4 Summit process

Delegates were presented with the following five focus questions for discussion:

- 1 How do you see good and well-practised environmental regulation contributing to economic priorities?
- 2 How would you define/describe better regulation? Is it about good laws, good practice, or both? Which should we focus on? How does this relate to business success?
- 3 How broad do you see the EPA's role – Regulator – setting standards/informing/enabling/ monitoring compliance/ protecting the way of life we value but also a role in opening doors to new ideas and opportunities?
- 4 The future – where should the EPA's focus be in the future? More than just a regulator but an engager and enabler to assist in creating sustainable jobs for the future and contributing to a cleaner/greener environment and health economy?
- 5 Level playing field – business/industry/and the regulator. How do we achieve the balance? What does communication with stakeholders look like in this space and how does this relate to providing business with certainty? What are some key examples or opportunities?

Delegates were seated at five tables with a pre-determined table captain and accompanied by a Board member and a senior EPA staff member. Each table discussed the focus questions for 60 minutes.

Special thanks to the following five table captains:

- Raymond Spencer, Economic Development Board
- Sandy Pitcher, Department of Environment, Water and Natural Resources
- Scott Whicker, Kimberly–Clark
- John Hanlon, Renewal SA
- David McKay, Thomas Foods International.

A full set of notes taken during table discussions can be found at [Appendix 2](#).

These discussions were reported back to the wider Summit by the allocated captain from each table.

EPA Chief Executive Tony Circelli summarised the key messages, reinforced the importance of the views expressed and committed to providing delegates with this summary report which would also be submitted to the Minister.

5 Summary of key themes

EPA Chief Executive Tony Circelli

A full account of notes taken during table discussion is attached at [Appendix 2](#). There were several recurring themes from each group:

- Safeguarding our environment is also about a stronger economy.
- The EPA needs to not just be a regulator, but a facilitator and educator to ensure that economic growth and wealth creation are not at the cost of social and environmental degradation.
- The importance of developing relationships within the industry by talking with them and educating them—engage them on the journey.
- The need for clear, streamlined regulation—continue the reduction of red tape and ongoing reform of processes used to implement its policies because business looks for speed in decision making and consistency.
- Always take a risk-based approach and focus on the outcome.
- Encourage innovation, do not stifle it with unnecessary regulation.
- Use the Small Business Strategy to identify further examples of best practice and work with them.
- The Statement of Agreement is a great start in our commitment to early engagement on policy reform.
- The state's future stands right now at a cross road and the opportunity that comes with this. We have everything at hand to make sure we, the community and business can prosper, and everything we do, we need to do better.
- We look forward to working with both the community and industry towards more sustainable practices, and the most effective mechanisms to achieve this.

6 Next steps

EPA Chief Executive Tony Circelli announced at the Summit that a series of case studies, showcasing small to medium enterprises (SMEs) who have built successful businesses while achieving positive environmental outcomes, will be prepared for next year's Summit.

The Statement of Agreement between industry and the EPA will be promoted more widely.

The EPA will also work with industry groups during the year to understand what can be done to improve mutual understanding between EPA officers and industries regulated by the EPA of regulatory issues and challenges. This could form the basis, for example, of an EPA/industry exchange program or regular operational forums between EPA officers and licensees.

Feedback from stakeholders at the Summit is being incorporated into the EPA planning processes, including the development of the annual Corporate Plan and Compliance Plan, with a stronger focus on defining the enabler/educator role of the EPA and ensuring a more level playing field for licensees and industry. Principles being adopted include:

- Early engagement when making changes to regulation to allow business to adapt.
- Partnering: The role of the EPA as a regulator, educator, referee and coach.
- Strong, robust regulation and a level playing field.
- Good performers should be rewarded.
- Certainty is crucial and an underlying factor in securing future investment.
- Helping define what 'better' looks like to encourage innovation.

These principles are also being incorporated into an EPA Waste Reform Discussion Paper for release in August 2015.

Appendix 1 Delegates

First name	Last name	Organisation
Scott	Ashby	Primary Industries and Regions SA
Fraser	Bell	Thomson Geer Lawyers
Josh	Bryant	BHP Billiton (Olympic Dam)
Rick	Cairney	Business SA
John	Chapman	Small Business Commissioner
Ollie	Clark AM	Muradel
Bertus	deVilliers	Nyrstar Port Pirie Pty Ltd
Tim	Flowers	Beach Energy
Perry	Gunner	Wanderribby
John	Hanlon	Renewal SA
Mike	Haywood	Waste Industry representative
Martin	Jeffries	Jeffries Group
Terry	Kallis	Petratherm
Laurie	Kozlovic	Veolia Environmental Services
Vaughan	Levitzke	Zero Waste SA
Jo	Mawby	Santos
David	McKay	Thomas Foods International
Andrew	McKeegan	Department of Planning, Transport and Infrastructure
Peter	Michell	Michell Wool
Chuong	Pham	BHP Billiton
John	Phillips	KESAB
Sandy	Pitcher	Department of Environment, Water and Natural Resources
Mark	Rawson	Waste Management Association of Australia
Chris	Smyth	Arrium Mining & Materials
Raymond	Spencer	SA Economic Development Board
Rob	Thomas	Department for State Development
Jason	Walker	Australian Industry Group
Terry	Walsh	Urban Development Institute of Australia
Scott	Whicker	Kimberly-Clark
Craig	Wilkins	Conservation Council of SA

Environment Protection Authority representatives

First name	Last name	Position
Ros	Agate	Director Strategy and Business
Keith	Baldry	Operations Director, Mining, Radiation and Regulatory Support
Suzanne	Behrendt	Manager, Strategy and Executive Office
Linda	Bowes	Board Member
Tony	Circelli	Chief Executive
Ros	DeGaris	Board Member
Mia	Handshin	Presiding Member
Phil	Hazell	Environment Assessment Manager
Allan	Holmes	Board Member
Helen	Macdonald	Board Member
Mark	Withers	Board Member
Andrew	Wood	Executive Director, Operations

Appendix 2 Notes from discussion

How do you see good and well-practised environmental regulation contributing to economic priorities?

- Provide confidence and certainty to industry
- Clear regulation and clear timelines
- Educational role
- What is the direction for reuse of resources
- Stockpiling issues
- What are the rules? What are the acceptables and non-acceptables?
- Risk-based approach to application of regulation
- Beneficial to identify opportunities for risk-based decisions
- Opportunities to talk to the EPA to achieve a good/positive outcome (OneSteel example)
- Listen to science – what is the risk, what is the outcome
- Can be a 'one size fits all' but also flexible as needed
- Sometimes too prescriptive
- Communication issue—differing view from others on interpretation of regulation
- Need to take into account differences when dealing with small business
- Levies – a powerful tool that the EPA can use
- Differential levy
- Why would you put a levy on asbestos
- How you use the tool and how you incentivise people to do the right thing
- Upfront levy/liability
- More risk-based approach – more outcomes focused
- Outdated regulation
- Newer legislation uses national guidelines
- New Water Quality EPP will take more of a risk-based approach
- Allow significant consultation with business and industry
- Advance notice a new policy and then some number of months (three) for consultation
- Working team should be talking to business along the way
- Easy to do big impact – how you use the levy, using the levy setting it higher to stimulate investment in new technologies to deal with specific issues
- More investment in research and development
- More consultation on new policies during process so that final engagement becomes secondary consultation
- Streamlining regulation at Federal level—greater consistency across the country
- Encourage to have compliance staff with industry experience
- Cross-jurisdictional staff exchanges
- Bilateral staff exchanges with industry
- Too many localised decisions

- New planning reforms will address these issues
- Be strict
- Tougher enforcement action on easy to deal with problems and not the bigger problems.

Level playing field – business/industry and the regulator. How do we achieve the balance? What does communication with stakeholders look like in this space and how does this relate to providing business with certainty? What are some key examples of opportunities?

- Certainty of decisions and timelines (levy used as an example – certainty for five years)
- Waste reforms needs to happen faster
- Firm but fair is important (for public compliance)
- Working together leads to no surprises, eg when there is an incident
- Mature relationships work much better
- Relationship has improved in the last 18 months
- Regular meetings are valuable – every six weeks
- Timeliness of decisions is important
- Understand innovation and support
- Dealing with chancer v innovator
- The EPA should be a facilitator not just ‘police’
- Collaboration is very important
- Relationship often linked to performance
- Strong regulator is important to help with level playing field
- The EPA needs to adapt to innovation from industry
- Risk-based approach is important.

Where should the EPA’s focus be in the future? More than just a regulator but an engager and enabler to assist in creating sustainable jobs for the future and contributing to cleaner/greener environment and healthy economy?

- The EPA is not here to save industry from themselves. It is here to do a different job—sometimes prosecute, sometimes advise
- Educating and advice needs to be around imparting knowledge not regulating—be clear on the role
- It is not a one-way street—industry (waste) needs to engage and facilitate with EPA—role of industry to assist in communicating environment
- The EPA needs to be a strong effective regulator, but ensure its fair, responsible and understands context – be the very best it can be, it’s not all about facilitation
- The EPA needs to have a number of different hats and needs to do all of them well
- The EPA needs to understand point where facilitation stops and regulating hard, “when you go, go hard”. Does EPA have the tools and law to do the job? If not, industry should advocate
- Small business advocacy is essential in this context at present
- Facilitator first, regulator second, eg for the waste sector, an office at Wingfield and spend time on a truck
- More than a regulator? Effective regulator intrinsically means effective engager

- Does the EPA fully understand the business it is regulating? It needs to attract more people that understand business, economy and regulation
- Fundamental for the EPA to be focusing on facilitating—active role in having regard to the economy
- Shifting resources from other regulators to the EPA
- Strong regulator and ensure clear delineation with Green Industries
- Small business and contaminated land—how can small business grow and thrive when faced with a site contamination issue/
- Strong regulator is a given—do we have the capacities to engage and how do you stop the EPA from flipping over?

How would you define/describe better regulation? Is it about good laws, good practice, or both? Which should we focus on? How does this relate to business success?

- The quality of administration in the EPA must be high and staff need to understand the business issues
- The EPA is a service provider and should have an education role for industry
- The EPA should have a 'soft touch' on most operators but should pounce on the poor operators with strict regulation
- Should talk about 'best outcome' rather than best practice
- Getting good regulation is complex and requires considerable discussion with industry
- Need to explain to people why regulation is necessary
- Technology should be employed wherever possible to provide automated reporting on regulation compliance
- Administration of regulations must be simple
- Regulation should be simple rather than complex
- Government and industry needs to talk the same language
- Too much regulation is not conserving the big picture impacts on an industry or industries
- Some form of government regulation is required to 'lock things in' for the whole of an industry
- Small business is over regulated
- Make it easier for industry to perform well from an environmental perspective
- Where will the EPA get the biggest 'bang for its buck' – a 'stick and a carrot' approach may be appropriate
- Regulation and education roles could be undertaken within the EPA, but staff need greater understanding within the EPA and individual industry practices, technologies, etc.
- Best form of regulation is self regulation
- Co-regulatory approaches can be the way forward in some industries, but may not be enough in other industries
- The outcome is more important than the process.

How broad do you see the EPA's role – Regulator – setting standards/informing/enabling/monitoring compliance/protecting the way of life we value but also a role in opening doors to new ideas and opportunities?

Educator

- Early, science-based fact sheets on key issues – apolitical
- Look how well the EPA did regarding site contamination (after it blew up). Should do the same FAQ for fracking, proactively?
- The EPA should do more things like the wind farm report on infrasound—science-based policy on key issues

- By the time EPA responds to development application, misinformation is already out there—broad role as an educator early and proactively
- The EPA's role should be to manage expectations in pursuing the SA Strategic Plan, eg it will be noisy in the city
- The EPA should have an education role, a trusted regulator can help business operate in communities (eg wind farms) early.

Risk based

- Move away from one size fits all, command and control to tailored standards, regulation owned by local
- Hands off, trusting, risk-based regulator—then hammer people that do not do the right thing
- Clearly articulate shared objectives with industry, that is trying to do the right thing too
- Role should be as broad as possible, not narrowly focused, policemen, not a one size fits all, city/metro/country are different
- Need differential regulation based on circumstances and the operator
- Insufficient money in the country to apply a 'one size fits all' approach
- The EPA should be risk based, less prescriptive and tolerate some failures, based on local conditions
- How can the EPA be less prescriptive, given the framing of the *Environment Protection Act 1993*
- High and low level regulation, consequences, standard criteria, and funding to resource
- Risk-based approach – tailor resource towards poor performers.

Identity

- The EPA needs to think about what it wants to be
- Should look to the future, not the past, regarding the EPA's role
- Must not dilute the trust in the EPA as a regulator
- Inconsistency between policy (recycle) and science (dispose) regarding waste and resources
- Vibrant city = more people = more waste and noise collecting waste – the EPA should align its policy with the SA Strategic Plan
- Regulation should be according to laws of the land, not driven by government economic priorities
- The balance between agency and regulator – on behalf of the community or government and industry – the community does not believe industry, EPA has to decide what it wants to be
- Make information relevant to SA conditions and world practice
- Keep the EPA independent and 'trusted'—international customer expectations, codes of practice recognised by sector, SA unique standards.

Site contamination

- Outsourcing site contamination assessment maybe producing poor outcomes—with increasing site contamination issues this could have very bad results
- 'Can't cross the road without having to appoint a site contamination auditor'—need to be risk based to avoid spending millions of dollars and achieving nothing
- The EPA as facilitator of information should occur prior to Development Assessment plans being presented publicly
- The EPA as regulator to manage operations, then enforcement.

Feedback from delegates

Most important messages you heard today

- The EPA should transition from policemen to facilitators
- It is a huge and complex area—hard to be proactive—even to keep up with technologies
- SA would seem to be more amenable to change/discussion than interstate entities
- The environment improvement program (EIP) process is a positive tool to engage with industry to improve performance—they can not only drive improvement but also deliver stronger relationships
- The more involvement in industry through participating in industry committees is delivering better outcomes
- Emphasis on trust—the EPA needs to ensure that small organisations are required to maintain compliance
- Speed of approval is very important with innovative projects
- Taking decisive enforcement is important to make good performers more competitive
- Staff to have good knowledge and skills.

Messages for the EPA

- Give advice or support to development projects aimed at environmental improvement
- Appreciation for a good job done in difficult circumstances
- Be gentle on companies who might have polluted 50–100 years before there was an EPA
- An incentive/ratings/reward system will encourage greater compliance
- All regulators need to stay in step to facilitate efficient (timely) approval/change
- Need to regulate firmly with organisations not operating within licence
- Need to implement waste reform quicker to restore level playing field and regulate
- Recruit skilled and experienced staff
- Support industry to understand and comply, ie provide practical support and advice on key issues ie. chemical storage, stormwater management and waste management
- SA regulatory system is very good – keep doing what you love doing
- Collaborative approach is strongly appreciated
- Work with industry on shared solutions to issues – industry understands that social licence to operate is critical for business success.