

EPA Board Summit 2014 summary report

Changing economy, changing environment

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1 Introduction

This report summarises the proceedings of the Environment Protection Authority (EPA) Summit *Changing Economy, Changing Environment* convened by the Board on 20 May 2014.

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 decided to host more than one significant gathering in order to fulfil this requirement. The format and focus for the summit were designed to provide a targeted opportunity to have with senior business and industry leaders along with representatives of government and the non-government sector, consider how SA's Changing Economy, Changing Environment will impact on business and explore the contribution a protected and improved environment will make to business competitiveness and the state's economy.

The summit was just one part of the EPA Board's 2014 stakeholder and community engagement program. It undertakes several metropolitan and regional stakeholder consultations each year. In November 2013 the Board travelled to the Tonsley redevelopment site at Clovelly Park, and in December 2013 to the Port Adelaide region for various stakeholder meetings and site visits.

More recently, on 29 April 2014, the Board met with representatives of the mining sector. On 3 June 2014 the Board also convened an Environment and Community Groups Forum to meet with senior representatives of environment and community organisations and explore why a strong and supported EPA is vital in ensuring a smart, sustainable and successful future for SA and to reflect on what the EPA can do to continue building community confidence in the organisation.

The EPA acknowledges the important contribution of delegates at the summit. (A list of delegates is at [Appendix 1](#)).

The summit provided valuable feedback and a number of suggestions will be considered and, where feasible, actioned by the EPA. In the first instance, the Board commits to the following:

- Work with Business SA and the Australian Industry Group to determine the best avenues for improving the frequency of communication between the EPA and business/industry.
- Use the feedback as a key resource in the development of the EPA's next Strategic Plan due in 2015.
- Draft a proposed Statement of Agreement on the role of the EPA and business/industry in creating a better and more sustainable and prosperous future for SA. The EPA will invite Business SA and the Australian Industry Group to consider and further develop the statement with the intention that a final version be circulated to delegates for their consideration within six months from the date of the summit.
- request the preparation of a brief for consideration by the Board, of the potential for an EPA Awards Program aimed at acknowledging 'beyond compliance' efforts of South Australian business and industry with a view to implementation within 12 months of the summit.

2 Opening Address by Presiding Member Mia Handshin

Chair and facilitator for the summit the Hon John Dawkins AO, started by welcoming guests, explaining the proceedings and then introduced the 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:

- The 2013 Economic Statement released by Premier Jay Weatherill to identify the prospects, risks and opportunities for South Australia presented by a changing global economy. Ms Handshin highlighted the Premier's vision for the state's economy and the focus areas that the government believes will make the greatest difference in ensuring the future growth and prosperity of our state, for example premium food and wine from our clean environment. She noted that in order to achieve the vision of 'South Australia being renowned as a producer of food and wine from its clean water, air and soil', the economic statement recognised that:

South Australia's food security, biosecurity and environmental protection systems must be regarded as international best practice.

In this context, she highlighted the importance of the EPA—robust and well-practiced environmental regulation in assisting the state to fulfil its economic potential as well as ensuring a safe and sustainable environmental future.

- The EPA's statutory role and purpose to protect the environment, influence and regulate human activities, and restore and create a better environment. Ms Handshin recognised that the EPA works with the community, industry and government to fulfil its purpose to achieve a healthier, more valued environment and a prosperous and sustainable future for South Australians.
- The release of the State of the Environment (SOE) Report in September 2013 which provided evidence that the South Australian environment is in a moderate and finely balanced state. Mia acknowledged that the future is dependent on the effectiveness of a range of measures taken by government, business, industry and the community to protect and improve our environment. She emphasised the importance of the EPA in delivering robust environmental regulation that is well practiced, supports a clean, competitive economy, facilitates innovative solutions and ensures a healthy environment in which to work and live.
- The opportunity for business and industry delegates to express their views about the EPA. Ms Handshin also invited feedback from business leaders on the value of the EPA and how they believe business can add value to the EPA's function and role.

Ms Handshin concluded: 'There is a story that is so often told about the EPA in SA. It's time to reframe this story. The EPA needs to generate fresh understanding about its why and its contribution, so that we can foster stronger support for and confidence in what we do'.

3 Address by BHP Billiton Asset President of Olympic Dam Darryl Cuzzubbo

Mr Cuzzubbo gave a brief presentation on his view of the EPA from a business perspective:

- Perception is, that there is not a great deal of overlap between the EPA and industry objectives; however this is not the case.
- There is a strong reliance on EPA advice when making large investments. Business is dependent on a strong and effective regulator.
- Licence conditions are imposed in situations where there is a low probability of anything happening; there is a need to deal with issues that have the most impact, that is, move towards more risk-based regulation.
- Business does not like surprises—they depend on a strong team internally, and a strong regulator. Both business and the EPA want the same overall outcome.
- The EPA is constructive and open minded compared to past experiences in other states and another country.
- Being open minded and looking at how others control risks makes business more effective.

4 Address by EPA Chief Executive Tony Circelli

Mr Circelli invited discussion on the value offered by the EPA as an environmental protection regulator, and the benefits derived from the EPA doing its job well.

He spoke about the following:

- Success for the EPA is building safe communities, better environmental knowledge, being a robust and leading regulator and safeguarding resources for South Australia. Good and well-practiced environmental regulation also has a strong connection, and contribution to economic outcomes.
- Significant effort over the last two years to present the EPA's regulatory approach in clear and simple terms. The regulatory spectrum was introduced to highlight how the EPA tailors its regulatory actions based on particular circumstances—from supporting/enabling and recognising those who demonstrate a commitment to good compliance and go beyond compliance, to enforcing the law for those who intentionally or recklessly fail to comply.
- Examples of how the EPA is involved in streamlining laws and implementing better regulation through new systems and associations.
- The EPA brand and its value is one that is recognised, not only here, but across the world, and has strengthened over the last few years. Common to all of the issues discussed is the need for the EPA brand to be trusted, credible and seen as an authority on issues—this has value for all sections of the community, government, and business, as well as for the confidence and respect which EPA employees have in the organisation in which they work. The influence that the EPA's advice has on policy issues or on controversial and sensitive developments very much depends on the confidence and trust that all stakeholders have in the EPA.

Mr Circelli emphasised that the EPA works hard to imbue trust and engender public confidence; however it is not always an easy journey. The work of an environmental regulator is a challenging one. He acknowledged that further public and media education will assist in changing this over time.

5 Summit process

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

- 1 What value can the EPA provide for the environment and business in performance of its role and functions?
- 2 What should the EPA do to further contribute to competitiveness?

Delegates were seated at five tables and accompanied by a Board member plus a senior EPA staff member. Each table discussed the focus questions for around 60 minutes. 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 an EPA Board member from each table. The summit chair summarised the key messages arising and then invited general discussion.

The summit was closed by Ms Handshin who reinforced the importance of the views expressed and committed to providing delegates with a summary report which would also be submitted to the Minister.

6 Summary of key themes

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

- 1 Certainty is one of the most crucial requirements for business and an underlying factor for securing future investment.
- 2 Partnerships: the role of the EPA, both as a regulator and an educator, a referee and a coach.
- 3 Using accreditation to reward good performers, eg Sustainability Licences, awards, tick of approval, badge of approval.
- 4 Support for strong, robust regulation and a level playing field across industries.
- 5 Early engagement when making changes to regulations to allow businesses to take into account in planning cycles/forecasting and trend awareness/providing advice to business.
- 6 Defining what 'better' looks like (eg best practice, 'carrot and the stick') to encourage new ideas and innovation.

7 Next steps

At the conclusion of the summit, the EPA and delegates had reached a common understanding that continued dialogue is needed in pursuit of agreed objectives. Business SA and the Australian Industry Group both expressed their willingness to facilitate ongoing and more frequent dialogue. The EPA commits to working with these two bodies to determine the best avenues for improving communication.

It was agreed that information gathered at the summit would be compiled into this report and distributed to delegates and also submitted to the Minister. While the Board did not agree with all of the views expressed during discussion or endorse all of those documented, diversity of opinion is respected. The Board intends to use the feedback provided at the summit as a key resource in the development of the its next strategic plan due in 2015.

Importantly, the summit concluded with near unanimous agreement that there is value in working towards an agreed outcome statement (Statement of Agreement) about the role of the EPA and business/industry in creating a better and more sustainable and prosperous future for SA.

The Board is committed to a first draft, and inviting Business SA and the Australian Industry Group to consider and further develop the statement. It is intended that a final Statement of Agreement be circulated to delegates for their consideration within six months from the date of the summit.

The Board will also request the preparation of a brief on the potential for an EPA Awards Program aimed at acknowledging 'beyond compliance' efforts of South Australian business and industry with a view to implementation within 12 months of the summit.

Appendix 1 Delegates

| First name | Surname | Organisation |
|------------|------------|--|
| Preet | Brar | Veolia Environmental Services |
| Rick | Cairney | Business SA |
| Cecil | Camilleri | Yalumba Wine Company |
| Darryl | Cuzzubbo | BHP Billiton (Olympic Dam) |
| Ben | Dearman | McMahons Services |
| Bertus | deVilliers | Nyrstar Port Pirie Pty Ltd |
| Darren | Flew | Santos |
| Don | Frater | Primary Industries and Regions SA |
| Anne | Harvey | Zero Waste SA Board |
| Geoff | Knight | Department of Manufacturing, Innovation, Transport, Resources and Energy |
| Felicity | Lloyd | Adelaide Brighton Cement |
| David | McKay | Thomas Foods International |
| Peter | Michell | Michell Wool |
| Stephen | Myatt | Australian Industry Group |
| Hiro | Nagai | Pernod Ricard Winemakers |
| Thomas | Newton | Office of the Small Business Commissioner |
| John | Phillips | KESAB |
| Mark | Rawson | Waste Management Association of Australia |
| Charlie | Shahin | Peregrine Corporation |
| Michael | Tamasi | New Castalloy |
| Craig | Wilkins | Conservation Council of SA |

Environment Protection Authority representatives

| First name | Surname | Organisation |
|------------|----------|--|
| Ros | Agate | A/Director, Strategy and Business |
| Suzanne | Behrendt | Manager, People, Strategy and Engagement |
| Linda | Bowes | Deputy Presiding Member |
| Tony | Circelli | Chief Executive |
| Ros | DeGaris | Board Member |

| First name | Surname | Organisation |
|-------------------|----------------|---|
| Peter | Dolan | Operations Director, Science, Assessment and Planning |
| Rob | Fowler | Board Member |
| Mia | Handshin | Presiding Member |
| Helen | Macdonald | Board Member |
| Mark | Withers | Board Member |
| Andrew | Wood | Executive Director, Operations |

Appendix 2 Notes from discussion

Group 1

What value can the EPA provide for the environment and business in performance of its role and functions?

- Relationship between the regulator and regulated is strong compared to international comparisons.
- Adding value – level playing field.
- Level of compliance – are we focusing on the right things?
- A role in benchmarking best practices – ‘don’t go for gold’ all the time or too quickly.
- Materiality and focussed on the right matters; benchmarking; having an open mind.
- Receptive on materiality issues – responsiveness and willingness to listen is a real value
- Good business performance is about walking the talk, rather than just talking the talk;
- Being ‘talked’ to by the EPA, and prescriptive requirement in development assessment makes it a harder process than what it should be.
- Opportunity to develop better outcomes.
- Conservative approach – stick with what we know rather than ‘understanding’ the risk and managing the risk;
- Shifting the discussion to within our organisations.
- Escalation process when things cannot be arranged or potentially an internal review process or a facilitation process to consider.
- Issue is highlighted – look at possible consequences, competent people needed/exist.
- Competence allows better opportunity for a risk-based approach.
- Awards – judgment around different issues/circumstances make it difficult to be fair.
- Perhaps compare or consider the improvement achieved or recognise an achievement made.
- Risk-based approach on outcome but be prescriptive on risk (high risk)/behaviour (poor compliance behaviour).
- Cultural change around risk.
- Holding the line.

What should the EPA do to further contribute to competitiveness?

- Who is setting limits and how.
- Levels and standards that are expected.
- Earlier engagement about changes and discussion around why.
- SA Water and the trade waste issue.
- Continue to work on relationships.
- Certainty of our regulatory outcomes.

Group 2

What value can the EPA provide for the environment and business in performance of its role and functions?

- We get edge and competitiveness from the EPA.
- Level playing field particularly in the waste sector – more clarity in policy.
- Erosion of business principles.

- Lack of enforcement in waste industry.
- Lack of resources..
- Dialogue with industry important.
- Use EPA badge of credibility when talking to new clients.
- Earlier warning of new regulations coming in to give more time to digest and plan.
- Feel comfortable to approach EPA for advice at the early stages of design so there is less chance of not being satisfied with the end project.
- Most companies want to do the right thing.
- Use the Petroleum Act to give discounted licensing arrangement.
- Relationship can be minimal – reactive when there is an incident. The smaller the organisation the more ‘reactive’.
- Ensure EPA does not detract value from the organisation.
- Changing goal posts eliminates the surprise factor.
- Global competitiveness – disadvantage that Australia has with the rest of the world.
- Certainty for investment, stability and how easy it is to navigate the red tape.
- How easy or difficult it is to work your way through standards, whether high or low.

What should the EPA do to further contribute to competitiveness?

- Licence to operate is critical to their business.
- Certainty is important – both political and regulatory.
- High expectations for a clean, green environment.
- Opportunities to work with exporting services to China/expertise developed here; export opportunities.
- Does the EPA share its own intellectual property/trends across the world?
- Do things that are about public benefit.
- EPA more constrained now.
- Forecasting role in working with industry to identify trends that could become issues.
- Awards are a good idea.
- Partnering with industry for educational purposes.
- EPA to be a mentor – business to business.
- Help companies to make investment.
- Peer to peer may work better.

Group 3

What value can the EPA provide for the environment and business in performance of its role and functions?

- Question should involve not only what value EPA can provide to the environment and business, but also to the government and the community.
- Whilst the role of the EPA is regulation, its functioning or mode of delivery should involve proactive pursuit of partnerships to improve its relationship with key stakeholders.

- The EPA already displays a greater willingness than most of its interstate counterparts to work collaboratively with regulated parties to address problems (as distinct from focusing simply on prescriptive measures to general solutions).
- It is critical that in addressing problems and seeking solutions on a collaborative basis, the EPA and industry engage with the community, as such types of consultative approaches encourage smarter, more innovative outcomes.
- It is also important that the EPA pursues its enforcement role vigorously to ensure a level regulatory playing field for industry that does not permit 'free riders'.
- Strongly supports the 'materiality' goal referred to by Darryl Cuzzubbo – the EPA needs to strive for focussed, simplified regulation wherever possible and to avoid the steady accumulation of conditions on licences without any overall review from time to time.
- Part of a partnership approach should also be to use trial processes according to agreed protocols, but again ensuring strong community consultation in such exercises (eg as for ABS and Resourceco regarding waste to energy trials);
- For SMEs, there is a substantial knowledge gap regarding the role and functions of the EPA that needs to be addressed through education programs.
- Similarly, in terms of extending the suggested partnership approach to include community engagement, community education is a vital task, eg regarding disposal of gas bottles, or waste issues more generally.

What should be EPA do to further contribute to competitiveness?

- For most SA industries, the greatest challenge to their continued operation and securing investment is access to affordable energy, and facilitation by the EPA of innovative approaches in this context could be most valuable, eg regarding waste to energy innovation and co-generation.
- This means the EPA needs to have a flexible, risk-based regulatory system that facilitates innovation, while also working closely with the community (especially given many industries are based in or near Adelaide and may give rise to an increased risk of community conflict).
- Educational programs are required to promote the benefits of innovative regulation to both industry and the community (cf the government also?).

Group 4

Main points raised:

- EPA staff need to understand new/novel technology; be open minded to new ideas/ways of operating.
- EPA should be promoting best practice and leading edge thinking/technology.
- Use Business SA (for example) to share information on new technology.
- Use accreditation to reward good performers, eg Sustainability Licence.
- Ensure a high degree of certainty to allow business to invest.
- Discussion held about the balance between EPA being a carrot or/and stick organisation.
- Some would welcome more contact with the EPA to help support business.
- EPA should be a hard regulator when it is needed.

Group 5

In response to both questions:

- What initiatives are business taking to improve its environmental performance?
- What should the EPA be preparing for?

-
- What/where is business going in the future?
 - What should the EPA know (and bring to the partnership) in order to manage environmental protection with the business community?
 - CAPEX¹ solutions to addressing industrial environmental issues – funding assistance.
 - Initiatives that improve industry performance – encouragement to look and change and networks to inform.
 - Industry environmental issues that will not change.
 - Premier's Climate Change Council vision:
 - protect vulnerable ecosystems
 - lead by business to a low C economy
 - traditional business practices will need to change.
 - Regulator will need to manage change:
 - economic structure of SA
 - initiatives of local advantage
 - technology in operations and products.
 - Legislation can force change at a cost to all.
 - Regional variance in environmental priorities will direct environmental management needs.
 - Achievable industry focus can be directed generally by sector agreed agenda, eg World Business Council for Sustainable Development, Cement Sustainability Initiative.
 - Response to a 'changing climate' consider:
 - industry strategic planning timeframes to adjust to new measures (quality and quantity)
 - given increases in climate predictions what will be industry's response, opportunities and threats.
 - What industry wants for the EPA:
 - streamline control of risks
 - focus on real issues
 - align approaches – no surprises for industry
 - independence of the EPA through consultation and knowledge and direction
 - EPA as a referee
 - EPA as a coach.
 - EPA ensuring and enforcing a level playing field in sectors
 - EPA to protect SA key environmental advantages – wine and food industry
 - EPA decisions to be clear and unambiguous, well informed, quick across all environmental standards
 - EPA decisions to be long term
 - EPA to be confident, independent, fair, informed environmental performance, other regulator performances.

¹ Funds used by a company to acquire or upgrade physical assets such as property, industrial buildings or equipment. This type of outlay is made by companies to maintain or increase the scope of their operations. These expenditures can include everything from repairing a roof to building a brand new factory.

- What industry does not want for the EPA:
 - national standards of the lowest common denominator, no environmental trade offs
 - inconsistent environmental standards for SME introduced with local council (could also be DMITRE, DPTI)
 - standards on DAs that creates uncertainty, slows the process, suggests a lack of consistency in SA regulation
 - barriers to business across state borders rather a “Can do SA”, open for responsible business
 - no surprises to encourage investment, partner processes with commentary and EPA, from concept to implementation
 - no surprises with government process for Das/
- How will the EPA manage?
 - level playing field within a sector – traditional processes and products versus innovation?
 - certainty versus innovation
 - new technology investment
 - changing operating procedures
 - define: world best practice versus best available technology economically achievable versus best in class versus fit for (environmental) purpose
 - changing environmental qualities
 - changing ecosystem health.
- EPA should not engage with technology selection:
 - monitor end of pipe
 - measure ecosystem health (SoE Report)
 - continuous improvements to compliance; coach to cop; regular communication to monitor ecosystem qualities and quantity and emissions, give timetables for industry response to changing regulation
 - provide Guidelines of Risk Assessment about ecosystem health and sustainability (social, environmental, economic)
 - encourage innovative solutions
 - specify the issues for environmental management, not an extensive list, for environmental risk assessment
 - recognise 1:100 events are shifting under climate change
 - industry knowledge and risk assessment of process and product sources of environmental impacts and management procedures, design safeguards and acceptable levels of impact and response
 - manage accumulative environmental impacts from a variety of sources
 - focus on environmental issues for industry to respond to, not ‘flavour of the month’ issues or ‘everything we can think of’ community issues.

Open discussion based on main points raised

John Dawkins summarised table discussion, saying that many comments to relate to the section of the regulatory spectrum, ‘confused to champions’:

- partnerships; the role of the EPA both as a regulator and an educator; a referee and a coach
- being ahead regarding understanding emerging technologies (benchmarking)
- rewarding top players and badging best performing businesses – is this an EPA role?

- putting the 'confused' on the right track
- the compliant are already complying, so what can they do in order to do better and become champions
- it is a triangular issue – need to understand community expectations
- certainty is essential, and an underlying factor for investment – there was an emphasis on regulatory practice that fosters innovation
- carrots generate ideas and sticks kill ideas; there is a need to ensure proactive and reactive approaches are employed in the best possible way
- is there expertise available from the EPA to provide advice for SMEs?
- if there is a current tick of approval, business need to know that the ground won't move from underneath them; however need to acknowledge also that if the EPA sets a standard, it might necessarily change over time
- continuing dialogue between the EPA and business – there is a need to agree what the best forum is for continuing dialogue
- willingness to share business learnings and the role of EPA to be a facilitator of peer-to-peer learning
- regulatory review – costs associated with out of date regulations. Ongoing reform is expected by business.

A third question was posed:

How can business/participants support the EPA to deliver desired outcomes for SA?

Comments made:

- Need to be clear upfront regarding what are the desired outcomes
- There is a high degree of acceptance of environment protection standards by business - the EPA is not forcing industry to do something they do not want to.
- 'End of pipe measures' that they want EPA to monitor – initiative to come from business, that is, define the outcome and let business determine how best to comply.
- Businesses should support the EPA to achieve common outcomes; common objectives need to be shared by EPA and business.
- There are challenges with the EPA getting unfair media commentary – businesses needs to talk to the media about good news stories to change this perception – industry can help in this regard.
- Case managing major projects is a strong model to use for more complex issues.
- To develop a better relationship with EPA on a more regular basis, that is, more than twice a year. We need a forum for sharing and developing better relationships on an ongoing basis.

Guests were asked if they and the EPA had reached a common understanding that continued dialogue is desirable in pursuit of agreed objectives.

Business SA and AIG both expressed their willingness to assist to facilitate the dialogue.

Guests were also asked if they were happy to leave the development of partnerships to the peak industry bodies (Australian Industry Group, South Australian Chambers of Mines and Energy and Business SA).

There was almost unanimous agreement that there is an appetite to continue this discussion and work towards an agreed outcome statement around a better and more sustainable and prosperous future.