

14 March 2008

Mr Wayne Robins
Senior Manager
Sustainability
EPA Victoria
40 City Road
South Bank VIC 3006

Dear Mr Robins



Victorian
Competition & Efficiency
Commission

Level 14, 55 Collins Street
Melbourne Victoria 3000
GPO Box 4379
Melbourne Victoria 3001
telephone (03) 9092 5800
facsimile (03) 9092 5845
email contact@vcec.vic.gov.au
web www.vcec.vic.gov.au

ASSESSMENT OF REVISED STANDARD COST MODEL MEASUREMENT

Thank you for seeking an assessment of the revised Standard Cost Model (SCM) report for the *Environment Protection (Scheduled Premises and Exemptions) Regulations 2007*. The EPA notified the Victorian Competition and Efficiency Commission (VCEC) in late February that it had identified a number of anomalies in the original report that was signed-off in April 2007.

These anomalies were not identified at the time of preparing the original report. From a review of the revised report, these errors relate specifically to spreadsheet modelling issues, rather than to the assumptions or methodology used.

The VCEC assesses the adequacy of the measurement of the change in administrative burden, as required by section 4.4 of the *Victorian Guide to Regulation* (2nd ed, April 2007). The Guide states that in the event there is a significant modification to the proposed administrative burden following the release of the SCM for public consultation, the revised estimate should be submitted to the VCEC for assessment (page 4-39). The VCEC's assessment is based on the adequacy of the evidence presented in the SCM report and is focused on the quality of the analysis rather than the merits of the regulatory change itself.

I advise that the administrative burden measurement contained in the revised SCM report meets the requirements of the Guide. The Guide requires that the VCEC's assessment of the SCM report be publicly disclosed alongside the report. Given the magnitude of the changes identified, we also recommend that a copy of the revised SCM is forwarded to those stakeholders who made submissions to the initial SCM/Regulatory Impact Statement.

The VCEC is building a database of SCM reports and will be putting your material on our website when it is released. Please inform us when you have placed this revised SCM report and our assessment letter on your website.

If you have any questions, please contact Cate Putt (ph 9092 5826).

Yours sincerely

A handwritten signature in black ink, appearing to read 'Andrew Walker'.

Andrew Walker

Acting Assistant Director

Victorian Competition and Efficiency Commission