



Hon Lily D'Ambrosio MP

Minister for Energy, Environment and Climate Change  
Minister for Suburban Development

8 Nicholson Street  
East Melbourne, Victoria 3002  
Telephone: 03 9637 9504  
DX210098

Ms Cheryl Batagol  
Chairperson  
Environment Protection Authority  
GPO Box 4395  
MELBOURNE VICTORIA 3001

Ref: MBR037032



Dear Ms Batagol

## MINISTERIAL STATEMENT OF EXPECTATIONS FOR THE ENVIRONMENT PROTECTION AUTHORITY

I am pleased to provide you with this Statement of Expectations (SOE) for the Environment Protection Authority (EPA).

This SOE sets out my expectations of the EPA's contribution to the Victorian Government's program to reduce red tape and improve regulatory practices. It applies for the period of 1 July 2018 to 30 June 2020, or until otherwise amended.

The SoE outlines key governance and performance objectives and targets aimed at promoting greater efficiency and effectiveness in the administration and enforcement of regulation and reducing costs to business and the community. It is the successor to the SOE dated 4 March 2018, which set performance measures and targets for 2017-18.

This SOE should be read within the context of the objectives, obligations and functions outlined in the *Environment Protection Act 1970* and the *Environment Protection Act 2017*. It also recognises the passage of the *Environment Protection Amendment Act 2018* (the Amendment Act), which I intend to commence on 1 July 2020. These legislative reforms will require a fundamental overhaul of EPA as it moves to this new regulatory model and philosophy. Broad and sustained stakeholder engagement during this time will be critical to help inform red tape reduction opportunities that will lead to greater regulatory efficiency and effectiveness.

### Environment protection reforms

The Andrews Labor Government has delivered significant reforms to Victoria's environment protection laws. The Government commissioned a comprehensive independent inquiry into the EPA, which released its final report in May 2016. The Government supported in full, part or principle all 48 recommendations from the Ministerial Advisory Committee and conducted the reforms which related to EPA's role, governance arrangements, funding model, as well as its regulatory approach and tools.

The legislative reforms that underpin this reform have occurred in two stages. The first stage comprising the *Environment Protection Act 2017* came into effect on 1 July 2018. This Act strengthened the EPA's independence by establishing a new governing board, introduced a statutory objective for the EPA and established the statutory role of the Chief Environmental Scientist.

The second stage of legislative reform, the *Environment Protection Amendment Act 2018* was passed by Parliament on 22 August 2018 and received Royal Assent on 28 August 2018. The Amendment Act will amend the *Environment Protection Act 2017* to replace the *Environment Protection Act 1970*.

The passage of the Amendment Act establishes the legislative basis for a fundamental reform of the EPA. The Amendment Act introduces a new underpinning philosophy of prevention with proportional, risk based tools to support this model, including by establishing a general environmental duty to minimise risks of harm to human health and the environment. Reforms to information transparency, strengthened penalties and sanctions and the modernisation of EPA's powers, duties and functions round out this world leading reform.

### **Effective and efficient implementation of environment protection reforms**

I want the EPA to focus on effectively and efficiently implementing the new *Environment Protection Act 2017* and preparing for implementation of the *Environment Protection Amendment Act 2018*. The EPA should ensure the underpinning philosophy of preventive, proportionate and risk based regulation is adopted in all its activities with clear linkages back to its new statutory objective of protecting human health and the environment.

During this implementation period, the EPA should develop a clear and public transition plan that seeks to ensure that all stakeholders are well-informed of changes and their timing and seek to ensure there is no unnecessary burden from the transition. In particular, I expect the EPA should pay close attention to minimising any burdens imposed on small business.

### **Early and continuing engagement with stakeholders on implementation of reforms**

I expect the EPA to engage early and continuously with industry, local government and the broader Victorian community during the implementation period, on the design of the subordinate instruments, guidance, tools and systems that will give effect to the reforms under the Amendment Act.

A focus for this engagement should be the Victorian community, along with other stakeholders, on the development and design of a Charter of Consultation in line with the *Environment Protection Act 2018*. This charter should outline the EPA approach to consulting on mandatory requirements under the Act, as well as meet a broader objective of engaging community in the design and delivery of the EPA's regulatory services.

It is important that the insights of industry into its business, of local government into its communities and of citizens into their local environment, inform the design of the statutory and non-statutory means by which Victoria's new environment protection framework will be implemented.

### **Supporting compliance with the new environmental duties**

The Amendment Act features a variety of new environmental duties, in particular, the general environmental duty. It is important that EPA focuses on supporting businesses and the community to comply with these new duties as the primary drivers of environment protection under the Act. Where appropriate, EPA should develop subordinate instruments and other guidance or advice to support compliance with the new environmental duties.

### **Performance improvements and targets**

Based on consultation with the EPA and the Department of Environment, Land Water and Planning, I have identified opportunities for the EPA to make improvements that would reduce cost impacts on business. The EPA is expected to take steps to achieve the following performance improvements and targets:



Measure	Target	Good regulatory practice element
1. Prepare EPA's transition plan to deliver the objectives of the <i>Environment Protection Amendment Act 2018</i>	Transition plan in place by 31 December 2018	Risk-based regulation
2. Develop and implement an engagement plan for consultation and notification of all works approval holders and licensees of any changes to approval and licensing processes and timetables from the <i>Environment Protection Amendment Act 2018</i> .	1 February 2019	Timeliness
3. Develop and workplan for developing general guidance for compliance with the <i>Environment Protection Amendment Act 2018</i> , as well as a workplan for prioritised hazards and sectors.	Workplan for industry guidance developed by 1 February 2019  Model for industry support consulted by 30 June 2019	Compliance related assistance and advice
4. Activities to support business compliance including the development of guidance, business education and support	At least 10 activities	Compliance related assistance and advice
5. Prepare a stakeholder consultation and engagement plan for reforms arising from the <i>Environment Protection Act 2017</i> and <i>Environment Protection Amendment Act 2018</i> ensuring regular engagement with a broad range of stakeholders.	To be provided to Minister by 1 February 2019	Stakeholder consultation and engagement
6. Establish a dedicated channel for stakeholders to request further information on changes to the EPA and provide feedback on changes; and ensure EPA communicates information on changes to EPA's operations across its variety of communications channels.	By 1 November 2018  Regular and timely publication of quality information before any changes take effect	Stakeholder consultation and engagement
7. Engage with community and other stakeholders on the development of a Charter of Consultation as per requirement in the <i>Environment Protection Amendment Act 2018</i>	Draft by 30 June 2019	Accountability and transparency
8. Report to the Minister on the EPA's implementation of the <i>Environment Protection Act 2017</i> and <i>Environment Protection Amendment Act 2018</i>	Quarterly	Accountability and transparency
9. Report to the Minister on the EPA's implementation of its commitments under the Andrews Labor Government Response to the Independent Inquiry into the Environment Protection Authority, through the implementation reporting coordinated by the Department of Environment, Land, Water and Planning	Quarterly	Accountability and transparency

**Reporting on improvements and targets**

Reporting on the EPA's progress to achieve these performance improvements and targets should be undertaken in the context of annual financial reporting to avoid dual reporting streams. As part of annual reporting, regulators are expected to report on current baseline levels for performance targets set out in this SOE and activities undertaken to reach the performance targets and improvements in this SOE.

I also expect that these performance targets will be incorporated into the EPA's Corporate Plan and that the SOE is published on the EPA's website upon receipt. The EPA should also prepare a response to this SOE outlining how it intends to achieve the performance improvements and targets. This response should also be published on the EPA's website.

I look forward to seeing the EPA continuously working towards achieving best practice in the administration and enforcement of regulation.

Yours sincerely



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