

TRANSCRIPT

LEGISLATIVE COUNCIL ENVIRONMENT AND PLANNING COMMITTEE

Inquiry into recycling and waste management

Melbourne—Friday, 3 May 2019

MEMBERS

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Mr David Davis

WITNESSES

Mr John Bradley, Secretary, Department of Environment Land Water and Planning; and

Ms Kylie White, Acting Secretary, Environment and Climate Change, Department of Environment Land Water and Planning; and

Dr Cathy Wilkinson, CEO, Environment Protection Authority Victoria; and

Dr Andrea Hinwood, Chief Environmental Scientist, Environment Protection Authority Victoria.

The CHAIR: I declare open this Environment and Planning Committee public hearing. I just want to go through some formalities first and then we will be back to you. All mobile phones should not be turned on, or they should at least be turned to silent, please. I want to extend a welcome as well to the members of the public in the gallery. The committee hearing today is in relation to the inquiry into recycling and waste management, and the evidence is being recorded.

I welcome our list of witnesses: Ms Kylie White, acting secretary, environment and climate change, DELWP; Mr John Bradley, Secretary of the Department of Environment, Land, Water and Planning; Dr Cathy Wilkinson, CEO of the Environment Protection Authority Victoria; and Dr Andrea Hinwood, chief environmental scientist, EPA. Welcome and thank you for making yourselves available today.

All evidence taken at this hearing is protected by parliamentary privilege as provided by the Constitution Act 1975 and is further subject to the provisions of the Legislative Council standing orders, therefore the information you give today is protected by law. However, any comments repeated outside this hearing may not be protected. Any deliberately false evidence or misleading of the committee may be considered as contempt of Parliament. All evidence is being recorded and you will be provided with a proof version of the transcript in the next few days. Are we going to have lead speakers?

Mr BRADLEY: Yes.

The CHAIR: So maybe the lead speaker with 10 minutes and other witnesses who would like to supplement that—if we can keep that to less than 5 minutes. Who wants to go first?

Mr BRADLEY: Thanks very much, Chair. I hope you can hear me through the microphone. The audio was a little bit tricky before so I just want to make sure for the record in relation to the title of my colleague Kylie White that she is our deputy secretary of environment and climate change. That might be what you had in your papers, but I just wanted to make sure that was clear for the record.

So as the Chair said, I am the Secretary of the Department of Environment, Land, Water and Planning, and we appreciate—if I can express appreciation on behalf of the government agencies working within the waste portfolio—this opportunity to be with the committee today. We look forward to assisting the committee with its inquiry both today and in future discussions.

We have with us today not only the CEO of the EPA but also representatives of Sustainability Victoria and the Metropolitan Waste and Resource Recovery Group.

I have a brief set of slides by way of introduction, and I will try to keep mine to 5 minutes, Chair, so that I can give the majority of the time to Cathy Wilkinson, the EPA CEO, who will give a detailed presentation on the Campbellfield fire, the focus of today's initial hearing.

Visual presentation.

Mr BRADLEY: Our department is also preparing a written submission to the inquiry, which will address the full terms of reference with input from our portfolio agencies. We trust that will be a useful resource for the inquiry, and we are pleased to discuss further.

So if you are comfortable, then, I will go to the next slide.

The CHAIR: Mr Bradley, if I could interrupt. Can you bring the microphone closer to you, just for our audience to be able to hear you?

Mr BRADLEY: Yes, thank you. I am not getting a green on the mic, if I am supposed to. Okay, thank you.

So before getting into detail on the Victorian government's role, I just thought it would be useful to look at the waste and recycling system as a whole. Victoria's waste and resource recovery industry turns over about \$4 billion a year, providing 12 000 full-time equivalent jobs and involving about 590 businesses across the state. It is managing about 13 million tonnes of waste per year, and our Victorians are keen recyclers. Of the 13 million tonnes, about two-thirds—67 per cent—is recovered rather than sent to landfill.

So in relation to the nature of the system, obviously community and businesses are central as the generators of waste and are responsible for ensuring it is disposed of correctly. They also have significant control of what waste gets generated in the first place and in many cases are well-placed to avoid or minimise waste generation through purchasing decisions and business practices. Community members are playing an important role in supporting good regulation too, including assisting as the eyes and the ears of illegal waste dumping and reporting on littering.

Industry obviously is a primary provider of waste and resource recovery services through its investment in infrastructure, provision of recycling and waste treatment services, and operation of disposal services such as landfill, but also they operate within a strong regulatory framework, spanning environmental, health and safety, land use planning and other controls.

State government agencies, which I will talk about, oversee and guide the waste and recycling system, and local government is the other key player, as a primary service provider to households across the state through regular kerbside collection of waste, recycling and organic material and also as an investor in waste facilities alongside industry. Many Victorian councils of course own and operate waste infrastructure such as transfer stations and landfills, and they play a role as a regulator providing local government permits and overseeing waste facilities through the land use planning system. That is the kind of context, if you like, for the nature of the system as we have it.

I might turn to the next slide and focus on the role of the Victorian government in guiding and overseeing Victoria's waste and resource recovery system. Our department is primarily responsible for developing policy and ensuring whole-of-government oversight and strategic alignment with Victoria's waste and resource recovery priorities. We develop policy reform and strategic plans to oversee the waste and resource recovery system. We are responsible for legislative development and oversight, such as the recent overhaul of the Environment Protection Act, and we are responsible for coordination and governance of the waste portfolio agencies.

The EPA of course was established under the Environment Protection Act and is Victoria's independent environmental regulator. It was established to protect the community and the environment from the harmful effects of pollution and waste and is responsible for compliance and enforcement of the act. It enforces waste management policies across the resource recovery sector to ensure they operate safely, such as the policy for combustible recyclable and waste materials, which is particularly relevant to waste stockpiles. It provides technical and operational guidance for the sector, such as the guideline on management and storage of combustible recyclable and waste materials, which was developed in collaboration with the Country Fire Authority and the Metropolitan Fire Brigade.

Sustainability Victoria is the statutory authority established to facilitate and promote environmental sustainability and the use of resources under the Sustainability Victoria Act 2005, but also I point to the fact that this agency also delivers the *Statewide Waste and Resource Recovery Infrastructure Plan*. Victoria was the first Australian jurisdiction to establish long-term waste and resource recovery infrastructure planning in a legislative framework, in July 2017. It is also responsible for planning and fostering a smarter statewide infrastructure system and for developing key statewide strategies such as for waste education and market development for recovered resources. It collects and analyses waste and resource recovery data to support government decision-making.

I will then turn to the last cohort of the government agencies in the waste portfolio, which are the seven waste and resource recovery groups. Again, they are statutory authorities established in August 2014 and they play a really important role developing and implementing waste and resource recovery infrastructure plans at the regional level, undertaking contingency planning and procurement activities for waste and recycling services and supporting local governments to deliver waste and resource recovery services.

So while I focused on those state waste portfolio entities, we also work in close coordination not only with the local government sector but also with other state agencies with adjacent responsibilities, such as WorkSafe, fire agencies, Victoria Police, Emergency Management Victoria and the Department of Jobs, Precincts and Regions.

Mr DAVIS: The Sustainability Fund is not up there. Where does that fit in? I think Treasury and the EPA jointly administer it.

Mr BRADLEY: In relation to the Sustainability Fund, the EPA has a role in collecting the municipal landfill levy. DELWP administers the Sustainability Fund and supports that decision-making under the fund through an independently chaired committee, providing advice on the Sustainability Fund, which receives a portion of the landfill levy revenue after funding environmental agencies.

I will not get into the detail—I will hand over to Cathy to talk about the fire—but if I could just focus on a context of significant strategic reforms underway at the moment, the Victorian government released the *Recycling Industry Strategic Plan* in 2018 and committed \$37 million to implement its actions, which are focused on stabilising Victorian recycling markets and developing stronger markets for recycled materials by improving the quality of materials collected from households.

These measures are helping Victoria's recycling sector to transition to a more resilient, sustainable model and address many of the issues that are in the committee's terms of reference. In addition to responding to immediate risks, though, the government is continuing to deliver on a significant agenda of waste reform to provide long-term, structural improvement, and that is supported by a record investment of \$100 million committed over the last four years, supporting the development of a whole-of-government sector economy policy and action plan, the banning of single-use plastic bags, developing a plastic pollution prevention plan and supporting interjurisdictional work to deliver the national waste policy.

With the agreement of the committee, I might now ask Cathy Wilkinson to give an overview of the recent fire.

The CHAIR: Ms Wilkinson?

Dr WILKINSON: Thank you, and thank you as well to the committee for the opportunity to appear here today. I am able to start with just a couple of slides, which give a more detailed overview of EPA's regulatory role as well as our role in the Bradbury's fire if that is helpful.

Visual presentation.

Dr WILKINSON: Dr Andrea Hinwood is EPA's chief environmental scientist. This is a role created two years ago as part of the EPA reforms, and Andrea is available to answer any environmental public health questions the committee may have.

In terms of EPA's role, we are the state's regulator of pollution and waste. So the statutory objective under the Environment Protection Act is to protect human health and the environment by reducing the harmful effects of pollution and waste. EPA was established in 1971 under the Environment Protection Act 1970.

In terms of EPA's emergency response role, again as a result of EPA reforms and various other broader emergency services reforms, EPA has legislative responsibilities for the management of incidents as set out in the *Emergency Management Manual Victoria*. We play a support role as a technical adviser for incidents and emergencies, with a particular focus on providing advice on environmental and human health impacts of pollution and waste. We respond to requests from emergency services to advise on environmental and human health risks to help inform decision-making of the incident controller and so on during incidents.

There is a joint standard operating procedure 3.18. Under that procedure fire agencies deploy in the initial hours of an emergency as first responders, and then supporting the work of the incident controller, EPA now has incident air-monitoring equipment that we then can deploy locally to support community health advice over time. We also have enhanced monitoring stations that are more suitable for long-duration events that we can roll out as well. We meet time frames all set out in that framework.

In terms of our role in chemical waste regulation, we have a couple of different roles. EPA issues works approvals and licenses premises that store, reprocess, contain or dispose of what is called 'prescribed industrial waste' under the Environment Protection Act and associated regulations. Prescribed industrial waste, sometimes known as hazardous waste under Victoria's environmental protection laws, includes things like solvents, inks, paints, contaminated soils, cooking oils—those sorts of things—the highest risk kind of materials that need that higher degree of regulation. EPA also has a role enforcing standards relating to the storage, transport and disposal of prescribed industrial waste.

If we flip to the next slide then, in terms of the fire that occurred at the Bradbury Industrial Services premises on 5 April at 16–18 Thornycroft Street, Campbellfield, MFB was called to a large industrial fire early in the morning. The incident controller under the emergency management framework was MFB, so they then led the emergency management arrangements. EPA was involved from very early on. What happens is we get notification, we stand up our emergency agency command, calling people that are on our roster, and we basically start providing advice through to the incident controller, mobilising our various resources. In this case it was about deploying our incident air monitoring, which we did to three sites, as well as getting onsite so that we could start providing advice around the impact on waterways, which is often a key role that we play in addition to air.

So the incident controller is providing the initial warnings that go up on the emergency management website. We then get involved through the chief environmental scientist, our emergency command, our environmental public health experts and so on, both behind the scenes advising and on site providing advice. In this case—and I understand MFB is appearing and can talk in a lot more detail to the specifics—the fire was brought under control around midday. Then what happens is obviously EPA continues to provide any necessary updates to advice and very quickly support the fire agencies in attending community meetings and so on. So there was one in the afternoon on the day of the fire, one on the Sunday—on the Friday, Andrea attended; on the Sunday, I attended, along with others—the morning of the 8th, which was more on site with local businesses that wanted advice and support, and then again on the 18th.

In addition to the emergency services framework for notification of warnings and so on to the community, EPA also publishes air quality and health advice via our various social media channels, our website as well as through our AirWatch website. And then we also have a significant role in the recovery phase, once the fire is out, working with both the council, local community and so on to ensure that everything that needs to happen in the recovery phase is happening. So for us that means putting regulatory notices on the site, working with other agencies like WorkSafe, MFB and the council to support the community, and EPA obviously also makes sure we follow up from a regulatory point of view in terms of holding people to account.

So that is a very brief overview. If it is helpful, Andrea could talk to environmental health impacts or we could obviously take questions. Is it helpful if Andrea—

Dr RATNAM: Yes.

Dr HINWOOD: Okay, on that particular incident, I just wanted to talk about exposure, and the reason I want to talk about exposure to pollutants is because you have to be exposed to something in order for there to be a health impact. Sometimes we see these big fires, but people are not necessarily exposed and therefore there cannot be health impacts from them. So in and of themselves stockpiles of paper or plastics all packaged up do not pose any broadscale impact to environment and human health on the landscape because they are sitting there, and as long as they are managed really people are not coming into contact with them. Unless there is something untoward, like a fire, those stay in the landscape. With chemical stockpiles and industrial waste it is the same premise—that if they are contained, they are being managed appropriately, they are stored with the appropriate requirements for not storing chemicals that are incompatible next to each other, they are not bulging, they are not being moved and they are not escaping a premise again. In terms of environmental and human health impacts they are contained.

In a fire situation clearly that is a completely different story, and this case is an example of where you had a complex mixture of chemicals burning and creating smoke and also fire water run-off which went into Merlynston Creek. And as you have already heard, EPA was involved very early on. My role, along with the chief health officer, the chief vet, MFB, CFA and EMV, formed part of the state coordination team, and we met very early that morning to talk about the incident and deployment of resources to actually respond to it but also to contain impacts. That is why our officers were deployed quite early. Certainly measures were put in place to prevent the fire run-off. We did have some impacts on Merlynston Creek. I think, given how quickly resources were deployed, the fire was put out very quickly and subsequent air-quality impacts in the hot zone were elevated, but in the cool zone—where we monitor, where the community are—impacts were less.

Perhaps if I can show you an example of that. The next slide just shows some of our incident air monitoring. I also want to indicate that we do not just rely on incident air monitoring. In fact very early on the first thing we do is we forecast what the weather conditions are and where the plume is likely to go. So we create maps of where the smoke is likely to end up in the landscape from a fire like this. In fact that is when we determine where our monitoring should be deployed.

This just shows south of the site at Coolaroo and Dallas, and we had one up in Campbellfield as well. We also have MFB data that they generate—and they can talk to you about that—in the period where they are actually assessing the fire and they are monitoring it.

This just shows you that in the community, in terms of the fire, we had pretty low levels of PM 2.5. We predicted that earlier in the morning because we were very fortunate with the weather conditions that the plume stayed buoyant. Now, that is not to say that businesses around the area and in the local area of the fire were not impacted. What we are talking about here is where the community and the residents are, and the impact on those people. So that is not to say that some people would have experienced smoke and some odour. One of the key impacts of course was the impact on Merlynston Creek, where we did have fire water. It was contained. They deployed booms very early and were in fact skimming off product very early during the first part of the fire. I guess from this point of view we have potential impacts, but we do not think from a community perspective there were substantive impacts from this fire.

We certainly had an impact on Merlynston Creek. Follow-up monitoring has demonstrated that at the discharge point into Merlynston Creek and some distance below there were impacts, and clean up will be required. I can answer those questions later. Perhaps I will leave it there. Thank you.

The CHAIR: Thank you for the presentation. I will kick off the list of questions, and again I thank you. You have talked to us about the post-event—which is post the fire—but I have not heard much about prior to the fire, and that is what I want to focus on. And I think it is fair to say that the work you and the various agencies have done post the fire—and in Footscray as well—was a tremendous job, and we appreciate that. But what I am more concerned about is pre the fire. Were we able to avoid the incident or the fire? That is what I want to focus on. Also, with the EPA and the Department of Environment, Land, Water and Planning, but particularly the EPA and other agencies, how can you assure the public that similar facilities to the Bradbury site are compliant? I am not that encouraged by the recent event at Bradbury, where the site was inspected and you found they were in breach—big time. In my view, that site should have been shut down immediately. Why didn't you do that, and what learnings do you have around that for future events?

Dr WILKINSON: I can answer that one. In the case of the Bradbury site, as a result of a proactive inspection that EPA conducted on 13 March, when we went on to site and did a comprehensive assessment of volumes, we identified significantly in excess of the licence permission. So we moved immediately to issue a show-cause letter. There is some due process we need to go through. Normally, typically, we would allow two weeks for that process. We issued the show cause on 15 March and by 20 March we were not satisfied with the response we had had to that, so we moved immediately to issue a notice of suspension of licence. That is a very strong regulatory tool. It effectively means that they cannot accept any more material at that site until it comes into compliance. So it was jumping to the very strongest type of regulatory tool that we could issue, given the significance of it. That was on 20 March.

What happens when we issue that kind of notice is we want to make sure they are not continuing to accept new material, so we did a further inspection the following day to make sure we saw no evidence of people coming to

the site or additional material. We did a follow-up inspection then on 4 April, which was the day before the fire. Again, that is an inspection testing compliance that they are upholding the suspension of the licence that we had issued. At the time of the 4 April inspection I am advised the volumes had come down.

They were permitted to process the volumes they had on site to bring it into licence compliance. And as we know, the fire happened on the 5th.

In terms of the second part of your question, which I understood to be about ‘How can the community have confidence in other equivalent kind of sites?’, in Victoria there are 25 prescribed industrial waste-type licences for liquid solvents that this was the kind of. In the week following the inspection we conducted inspections across all of those. Between then and now we have conducted a further, I understand, 25 inspections, so since the fire we have conducted around 50 inspections of certainly the highest prescribed industrial waste liquid solvent types and then other prescribed industrial waste. With the vast majority of those we identified no volume compliance issues at all. There are three where we are doing follow-up work. In one case it appears that they may be keeping—and I should say ‘alleged’, because this is still a case of investigation for us—additional empty IBCs, which is the intermediate bulk containers; too many empty ones. We want people to process those offsite. There is one where we have got a difference of agreement around the methodology for counting, which we are still following up; and so on. So across those 50 additional, with the vast majority we identified no issues. Almost all those inspections were unannounced.

The CHAIR: Just to follow up on that, to my understanding what caused the incident was work process more than anything else—I mean work practices. Does the EPA get in and make sure the operators have got safe work practices in place? I know we have got WorkSafe coming to give evidence the next week. That is one question. The second part of this question is: do the EPA and WorkSafe and that industry work hand in hand to exchange information? It is a jurisdiction for WorkSafe. To me, whether you have 400 000 tonnes or 50 000 tonnes, I think the incident would have occurred anyway because the employer is atrocious, from my understanding, in relation to their safety practices.

Dr WILKINSON: In terms of the fire, I need to let the fire investigation play out to formalise what the cause may have been. EPA is the regulator of pollution and waste. WorkSafe has the OHS role, but they also have a dangerous goods legislation-type role as well. Then the fire agencies have a fire protection role, so EPA’s role, when we go out to site we are not checking OHS handling under the WorkSafe regulations. There is a dangerous goods storage and handling code of compliance. That is the sort of thing from an OHS point of view that is tested, and obviously there are roles for MFB in terms of fire protection. When we issued the suspension of licence we notified WorkSafe of that, and we obviously work very closely together with the other agencies. We have a memorandum of understanding with WorkSafe, and really since the West Footscray fire—certainly before that—WorkSafe, the fire agencies, ourselves and Emergency Management Victoria have been working very closely together across a number of different operational task forces relating to stockpiling, which I could provide more detail of, but that is an initial answer to your question.

The CHAIR: I might come back to this, but I will allow other members.

Mr DAVIS: My questions are for Dr Wilkinson and the EPA in particular. Obviously this is a very complex and large inquiry, but I intend to focus today on these issues fundamentally about the storage of waste and some of these matters that have come forward through this series of fires. I just want to quote the editorials out of our two major newspapers. The *Age* said:

Where there’s toxic smoke, there’s ire

Melbourne residents are rightly furious and concerned after the eighth factory fire in the past eight months spewed toxic fumes. It is a civic issue that transcends politics and compels immediate action, rather than empty assurances.

It goes on to say:

It is reasonable to feel the Environment Protection Agency has been ineffective and is under-resourced.

The *Herald Sun* in no dissimilar mode on 6 April said:

When the smoke clears in Campbellfield, a number of agencies and individuals will face some scorching questions.

It goes on:

For the past two years concerns have been rapidly escalating concerns about the tinderbox chemical build-up in some waste industries on Melbourne's northern and western fringes.

It goes on:

This is now the third major fire involving hazardous waste ... in the past 12 months.

And it goes on in that vein. What we have heard today does not to me show a sense of urgency about response here. I am in no way calm about the safety of our community. We have had this series of fires. They are serious, and I will come and talk about the monitoring and the air quality and water in a moment. But what assurance can you give us that there is actually an urgent—a desperately urgent—focus on dealing with these issues? I think both our major newspapers are right; I think it is a disaster, and it is just simply not good enough.

Dr WILKINSON: So perhaps it is helpful to go back to the 2017 SKM fire that was in July 2017, which was a significant fire, and it caused evacuation of houses and so on. That was in July 2017. The government moved immediately to put in a new interim waste management policy, and that was in place the next month. Before that the regulation of those types of sites really sat under the Planning and Environment Act with responsible authorities. So the government moved immediately to give EPA stronger powers through the waste management policy—interim August 2017, became final a year later following the legal process.

What that has done is given EPA strong powers to be able to regulate. At the same time the government set up a cross-agency resource recovery task force, and what has been done since then—and this is jointly WorkSafe, EPA, MFB, CFA, Emergency Management Victoria and a few others—we have conducted joint inspections, 500 inspections, across 150 of the highest risk sites. We have issued a bit over 150 remedial notices and 28 sanctions. As people may be aware following the strong regulatory action by EPA on SKM when there continued to be non-compliances, we took strong regulatory action to require them to cease operating. Again, that is a strong regulatory tool. We do not take that lightly. We understand the impact that had across the sector, but it was because we were prioritising community safety and environmental protection that we took that strong action. That site and the Laverton site are now in compliance.

I think the other thing to say is that as a result of combined intelligence efforts by EPA, WorkSafe, Victoria Police and others there has been a serious amount of attention to combining intelligence efforts, which has led to the proactive disruption of, seemingly, alleged—and I am using these words very carefully—illegal organised activity in relation to illegal storage of chemicals. I can assure you that the agencies are absolutely prioritising, certainly stepping in when we need to take over these sites, and I will leave it to WorkSafe to talk about the eight sites, but continuing additional inspections so that we can continue to look across Victoria.

Following the West Footscray fire there were 116 inspections done. Most of those were unannounced in the west of Melbourne. Following the discovery of the eight sites at the end of December an additional about 48 inspections have been done, again primarily unannounced, and as I have mentioned already, following the Campbellfield fire an additional around 50. So we are absolutely prioritising our collective inspection effort. We are taking strong regulatory action. EPA since I became CEO, I think in September—

Mr DAVIS: So the fires will stop now? We can expect that there will not be any more of these sorts of large industrial waste fires with toxic plumes affecting schools and local communities?

Dr WILKINSON: Look, I am asked that question a lot. I know the MFB is asked that question a lot, as is the CFA. We can never guarantee that fires will be eliminated in the landscape. What we can do, though, and this is what is intended through the regulatory requirements now for the management of these stockpiles, is the stockpiles are kept in a way that minimises the risk of those sorts of fires. So in the case of the guidelines that we have that are a regulatory requirement, that is what we are issuing the cease to accept against. You have got to keep your stockpiles small. You have got to keep sufficient distances between them. You have got to have appropriate risk management, emergency management, on site. It is why the agencies are working so closely together.

Mr DAVIS: So these large fires will stop—there might be small ones, but the large ones will stop or—

Dr WILKINSON: Yes, that is the intention, that is the outcome we all need, that is the outcome the community expects.

Mr DAVIS: And that is the outcome that will happen—or not?

Dr WILKINSON: Look, when sites are compliant with the guidelines, with the regulations that are in place, and you have got duty holders respecting the communities they operate in, the environment they operate in, then if there are fires, they should be smaller, shorter in duration, with less offsite impacts, and certainly some of the smaller ones over the last 12 months have been of that nature.

Mr DAVIS: I was just going to ask about the issue of monitoring. So I understand from what you were saying up there before that within 24 hours the monitoring is in place. Is all of that monitoring up publicly and visible? So for those recent groups of fires could we have sort of a time series on that so that we can actually—

Dr WILKINSON: Yes, absolutely. So we have what is called our AirWatch website, which shows in real time results of air quality monitoring both across our permanent stations and any we deploy for incidents. So this is a new capability we have developed over the last two years as a result of investment. So that is available real time during incidents for the community, and we direct people to those sites. What we also know, though, is that during incidents some people like that sort of information; some people like it in a more digestible form.

Mr DAVIS: That was my next question.

Dr WILKINSON: So, for example, during the West Footscray fire, which went on for longer, the flow-on impacts from that, even on water quality as well, we will provide summary information. I might let Andrea jump in here, but some people like more detail, so then if people want the real detail, we can provide them that. If people want the summary info, we provide that. If they want to just see what it is like now, they can look at that.

Mr DAVIS: So just to understand, there is air and water quality monitoring that occurs? The first question I have—I will give you a little list of them—is: what and how do you make that decision as to what is checked? The second point is, so you do the monitoring, but then there is another question: do you test the community individually after this process?

Dr WILKINSON: I will hand to Andrea, who is our chief scientist.

Dr HINWOOD: So in terms of determining what to monitor, it is fair to say that if you have got a fire, smoke is a really good indicator in terms of air quality, and we measure particulates in air as an indicator of the smoke from the fire, which tells us whether you are exposed. There are many other chemicals that will be associated with that plume of smoke. We use PM 2.5, but in the case of West Footscray and this more recent Bradbury one, we also monitor for the gases. We monitored for the volatile organic compounds, which are your solvents. We did that in West Footscray as well. And we do not just do what we call incident air monitoring, which gives you a continuous measure of, say, carbon monoxide or particulate matter, which is the smoke—that is what you see—but we also deploy canisters to actually characterise what other pollutants might be in the landscape as well. Most of the pollutants that are produced from these types of fires are really similar; they just occur in different ratios. So if you have got a whole lot of solvents, you are still going to produce a range of chemicals that are consistent with even a bushfire or a plastics fire. So many of the compounds are the same.

There will be some that are different, which is why we use these canisters and these other more sophisticated techniques to pick up some other chemicals. So we make that determination when we know what is burning, but remember we are in emergency response mode. We have got to get stuff out there and we have got to give the best advice, and the best advice is if you see smoke, if you smell it, take yourself away, shelter in place, if you have pre-existing health issues—and all of those warnings. Perhaps what I can do is provide the committee with those pieces of advice. In fact, I have got with me a whole lot of plots that we also provide to the community to show how the concentrations in air or in water have declined over time and then how we are managing it. So with respect to Stony Creek and West Footscray, we are still providing advice on that.

Mr DAVIS: And the testing of the community—the air and water, but a lot of that has happened quite quickly. How do we know the community—

Dr HINWOOD: So the testing of the community, no. The testing of the community would occur if you had a significant source. So with West Footscray and with Bradbury, the smoke plume was not grounded. In the case of the community around West Footscray, where there were volatiles in Stony Creek, all of our measurements were way below what we would consider trigger levels for health impacts. I do not want to dismiss the health impacts because there are very sensitive people within the community who do have issues who may have been in particular locations that impacted them but all of the measurements were below. On that basis, we would not go and specifically investigate health.

With that being said, we are developing or modernising our tools to be able to track environmental health issues and we are at a point at the moment where we are developing a system. It is not in place now but it is certainly one of the recommendations of the MAC inquiry and it is something that we are working towards.

Mr DAVIS: I will just let it go to my next colleague, but I will come back to follow up those.

The CHAIR: Just on Mr Davis's comments, we would appreciate it if you were able to provide the committee or the secretariat with a bit of a briefing on the health aspects and the monitoring and the stuff that you have covered. That would be helpful.

Mr MEDDICK: My question is also for Dr Wilkinson. A lot of what we have been hearing from you this morning is based around what the response has been, with a little bit about inspection regimes et cetera prior. That really is what I am trying to get to here. The community has an expectation that there will be a testing regime or at least an inspection regime well in front of these things occurring. It is one thing to have a terrific response once they have occurred but it is another thing to make sure that they do not to begin with. I bring you to not necessarily the Campbellfield or any of those other fires but the situation that happened in Broderick Road in Lara in my electorate, where the licensee was allowed to stockpile an enormous amount of toxic waste, not separated, all combined in a massive pile, and yet those inspections were supposedly taking place over a number of years but no action was taken until the point where the licensee actually walked away from it and declared bankruptcy. We now have the situation where the community is put into a situation where they feel under threat from that situation. The council had to seek another operator and they then walked away and now the EPA are in a situation where they have had to take control of the site at great cost to the community. The cost is expected to be somewhere close to \$100 million. Now, this is all after the fact.

I am curious as to inspection regimes. How often do they happen and how was it allowed that this particular site was allowed to get away for a number of years with the continual stockpiling and mixing of these chemicals and things, and what steps do you think you might be able to take in the future? I also draw back to Mr Melhem's comments before. When you conduct these inspections, are WorkSafe present at the time and MFB or CFA? If not, do you feel that this would be a better situation to have at these inspection protocols, to have cross-agency presence at any of these inspections, and I mean all of them, so that if something does occur, there is no delay in actually fixing this?

Dr WILKINSON: I will try and do those various parts justice. Perhaps if I start with following: the Coolaroo fire, with the resource recovery audit task force, there were about five highest risk sites identified. Stawell tyres are now removed by EPA, the Numurkah tyres are now removed, we have now got the SKM sites in compliance and Visy and another big recycler in compliance. The outstanding one, as you rightly identify, is Broderick Road, Lara.

This site was governed by a planning permit under the Planning and Environment Act, so the council was the primary regulator there, and through various interactions with VCAT—the Victorian Civil and Administrative Tribunal—it was really governed by VCAT decisions as council sought to stop the planning permit from proceeding.

EPA got involved only really after there were various VCAT orders at one point in time to guide the, I guess, intended clean-up of the site. People may be aware that C & D Recycling was the occupier—blatant disregard for the community, for the planning scheme requirements and so on. They went into liquidation, then the owner, TASCOS, took over those VCAT orders. VCAT granted the orders to both the occupier and the owner. CFA and EPA ended up joining council in one of those VCAT proceedings, but still the VCAT decision was to proceed with these orders, which required the owner and occupier to put in place immediate fire mitigation,

progress the remediation plan and a development plan. An executive oversight group including all those agencies you mentioned—WorkSafe, VicPol, in that case CFA as the fire agency, EMV, EPA and council—have had local working groups, exec oversight groups, ensuring that those VCAT orders were being followed.

In terms of fire mitigation, quite a bit of progress had been made, but all that means is fences put around the site, additional water brought on site, monitoring of hotspots in the mulch piles and so on—but making sure that was being done so there was immediate fire mitigation, which was the most urgent thing in terms of community mitigation. Working very closely with EMV and CFA, we ran scenario exercises—or they led scenario exercises; EPA participated—to make sure that if something did happen, we were in the best position.

What happened then, about a month ago, was that the owner also went into liquidation, which took it into a different territory. There had been insufficient action on the remediation plan, notwithstanding the fire mitigation, so on Monday—what is today, Friday? Was it really only Monday this week—the 29th, I believe it was, EPA took action using our powers to take over control of that site, with the support of government. That was necessary for community safety, for environmental protection, and we will now get on with cleaning up that site. It will take time, and it is unacceptable. We will do everything in our power, using the full force of our laws to hold people to account and to recover the costs.

Your question about ‘Could this happen again?’: this sort of site, again at the time that this developed, was part of the Planning and Environment Act and planning permit and so on. Following the Coolaroo fire, the same waste management policy that came into effect to give EPA new powers now applies, which is why you are seeing such strong regulatory action by EPA whenever we see these non-compliances. There are eight additional sites—not all of them are construction and demolition waste like this one was—where we have jumped straight to issue ‘cease to accept’, which effectively shuts them down until they become compliant.

Dr RATNAM: Thank you for the submissions this morning—I really appreciate it—and for appearing before us. Obviously, as has been noted before, this is a broad-ranging inquiry that is going to go for a number of months, and I suspect we are going to have a number of conversations with you all throughout the period, which we appreciate.

If we take a step backward, in terms of trying to understand the nature of what is going on here, to my mind it feels like we have got a number of issues. I want to try and get a sense of how you all are understanding the nature of the problems that are arising. It feels like we have got combustible recycling and waste as an issue, we have got industrial and chemical waste as an issue, we have prevention and we have response. We have canvassed a range of issues this morning, mostly on the response side but starting to think about prevention as well. I would like to know—and I am happy for anyone to take this question or for a number of people to as well—are the issues of combustible recycling and waste and the risk they pose in terms of potential fires et cetera and industrial and chemical waste the same or different issues? Stockpiling seems to be the common factor here—that it is the excess of stockpiling that poses a risk of fire and therefore a risk to the community.

Is the nature of that stockpiling—the reasons for it—the same, or are there different reasons that we are getting to these points where we are getting facilities being issued with orders because of dangerous stockpiling?

Mr BRADLEY: If it suits the committee, I might make an initial response and ask Dr Wilkinson to supplement.

In short your question is pointing to the right issue, which is that there are different drivers we see playing out through the risks with combustible waste stockpiles as opposed to some of the hazardous chemicals that have been identified. So in the case of the combustible recyclables, clearly the China National Sword policy—the disruption of those international markets, China consuming 50 per cent of the global market for the equivalent of household recyclables and then changing very substantially that policy—did create significant shock waves through the recycling industry, and that has put pressure which has led to or contributed towards factors which lead to stockpiling in terms of combustible waste material.

In relation to the hazardous chemicals issues—and again Dr Wilkinson I expect will elaborate on this in a moment—it is useful to think about the fact that there are, as the doctor said, 25 sites with this prescribed industrial waste that are known and operating under licensed arrangements, and then there has been the discovery of illegal

activity, allegedly what appears to be organised criminal activity, resulting in illegal storage of hazardous waste, which is a very different driver to cause the stockpiling, which is effectively an illicit business activity rather than something that has been driven by the disruption in the international market.

Dr Wilkinson, did you want to add to that?

Dr WILKINSON: The thing I was going to add, John, was that distinction around the legitimate or licensed operators. If there was a third dimension to your characterisation, it would be the licensed, legitimate—whether or not they are compliant or not, as distinct from the deliberately illegal—operators. All regulators have to deal with deliberately illegal operators, but it is different regulatory tools you need to apply there. Certainly the broader deterrent impact of compliance enforcement activities is critical, but increasingly it is really about joined-up intelligence, and that is why part of the EPA transformation is investing significantly in a digital transformation so that we can have better intelligence systems, modern intelligence systems, to enable us to, yes, go after the crooks.

Dr RATNAM: Thank you very much for that. So in that vein is the danger of stockpiling the same for the legal as well as the illegal—I mean, obviously you have fined the legal ones as well—or are you finding that the legal operators too are stockpiling at dangerous levels for the industrial and chemical waste I am talking about?

Dr WILKINSON: For the licensed sites, I think what the 50 inspections that we have done over the last 15 business days since the Campbellfield fire have shown is for the licensed cohort the vast majority are in compliance in terms of volume. So I would not characterise that there is a systemic problem there in terms of volume compliance issues. There are housekeeping issues, and I am sure we will find ones every now and then that maybe go beyond volumes, but that is within the realm of the normal compliance enforcement activity.

The different kind of risk with illegal operators—and I will leave WorkSafe to comment on this more—but in terms of the eight illegal chemical waste sites that were found, the primary difference, or a key difference, in the risk profile is that in most of those sites the chemicals have been stored in premises not designed to keep them there. So that is, I guess, one characterisation of the difference in the risk profile. Whereas with these other ones you are on sites that are designed—they go through an EPA works approval process and the sites are bunded to make sure stormwater cannot go off site and so on. Maybe I will stop there; I am going on.

Dr RATNAM: No, thank you. I really appreciate that. And why is it being stockpiled in the first place? So it is the industrial and chemical waste I am talking about. Why is it being stockpiled, even if it is not getting to the levels where you will have to act? It seems like there is a stockpiling issue. Why is it being stockpiled in the first place?

Dr WILKINSON: Yes, and this is one of the difficulties with the word ‘stockpile’—

Dr RATNAM: Right; or ‘stored’, I guess; storage and stockpiling.

Dr WILKINSON: Yes, that is right. So it is legitimate, and under permits it is entirely appropriate to have quite high volumes—in some cases, depending on the licence—of material process, because the processing turnover can be quite high in these facilities. Again one piece of advice I have around the Bradbury site is they could process around 40 000 litres a day, so in that sense the volume exceedances under the EPA licence could have been turned around in about eight working days to get it back into compliance if that helps. So it is entirely legitimate to the volume specified under the EPA licence to store material, and I know that can be called ‘stockpiles’ or characterised that way, particularly in the media.

I guess that is one part of the answer. The second part of the answer then—let us turn to something like combustible recyclables—SKM Coolaroo or Laverton, when they were non-compliant and they just had materials not in any kind of orderly way consistent with the guideline, that is a high-risk stockpile not consistent with the guidelines. When it is turned into piles that are no more than 4 metres with 10 metres or 20 metres distance between them on all sides and so on, and only in defined areas where the fire management plan relates, that is an appropriate stockpile. We cannot guarantee there would never be another fire, but it means if there is the fire agencies can get in and put it out much more safely, much more quickly, with less offsite impacts, if that is helpful.

Mr LIMBRICK: I am happy for any member of the panel to take my question, but I would like to focus on the organised crime aspect of what you have been talking about. What is the source of these illegal chemicals, and what is the nature of these chemicals? You said ‘solvents’, but what exactly are we talking about, and what type of businesses are they coming from?

Dr WILKINSON: I might leave it to WorkSafe to answer in terms of what has been identified through any testing that they are able to share on the sites they have taken control of. In terms of any alleged organised crime in this matter, across all these sites there are comprehensive regulatory investigations going on—by EPA, WorkSafe and others—and it is very difficult to speculate on providing much detail on the source or anything like that pending those investigations. We are very determined as regulators to hold the people who are responsible for this to account and have the maximum chance to pursue full costs that we can, and so I am not able to share details of the investigation that might compromise those outcomes. But what we do know is that it appears, like I mentioned, that we have disrupted alleged organised illegal activity here. We know that internationally waste crime is increasing. It is not only in Australia. It is certainly not a Victorian issue or an Australian issue; this is an emerging issue internationally. All regulators need to deal with these emerging kinds of issues. It is why as part of the transformation there has been a significant investment in that intelligence capability for EPA, and I know WorkSafe as well has a significant investment in digital transformations so that we can get that joined-up intel increasingly working very closely with Victorian police.

Mr LIMBRICK: Do we at least know at what stage in the supply chain this waste is becoming illegal? Is it the factory operators themselves that are causing this or is it somewhere in the waste management industry? At some stage it becomes illegal, right? Do we at least know that?

Dr WILKINSON: Yes, so is it the generator, the transporter, the receiver? How are potentially licence facilities associated with deliberately legal activities? All of those matters are part of the comprehensive investigation that is underway. We will leave no rock unturned in terms of chasing it down, but like I said—and apologies for repeating myself—we are really determined to do everything we can to protect that investigative process so it is not compromised. Certainly when matters eventually go before the courts, all that sort of information would become in the public domain.

Although what we know is that often where there are a multiple regulators pursuing things there can sometimes be suppression orders as well, so I need to be very careful.

Mr LIMBRICK: Can I ask one more question?

The CHAIR: One more.

Mr LIMBRICK: I would like to ask a question to Dr Hinwood. Following on from Mr Davis’s questions about the monitoring, you mentioned before that, in the Campbellfield fire, I think it was, you were monitoring PM 2.5 volatile organic compounds. It is my understanding that the volatile organic compounds (VOC) monitoring is like an indicator of things that are different to smoke in the air. A couple of questions—all toxins are not equal, right?

Dr HINWOOD: No.

Mr LIMBRICK: So what was the nature of these organic compounds, and what was the community actually exposed to? Do we know that?

Dr HINWOOD: So our assessment from that fire, and remember the Campbellfield fire was a little bit different because it was out relatively quickly, by lunchtime—you have only got 6 hours. You have got dispersion. You have got your smoke plume. So the VOC canisters that enable you to characterise the other gases—so we have characterised the particulate phase, but in terms of characterising other gases they are all non-existent, and it is quite challenging because—

Mr LIMBRICK: How do you mean ‘non-existent’?

Dr HINWOOD: Oh, sorry. They may be there, but they are below limits of detection. So they might be present, but you cannot measure them with the analytical instrumentation that you have got.

Mr LIMBRICK: So all of the solvents that burnt did not create—

Dr HINWOOD: There is a distinction, though—and I have to make this—that EPA operates in what we call the ‘cold zone’ of an incident. In the hot zone, which is where the emergency services operate, that is where you would expect to have higher concentrations of the chemicals that are present on site that are combusting, and also if they have released solvents.

Mr LIMBRICK: Right.

Dr HINWOOD: So you would expect, in what we would call the hot zone, to have exposure. We certainly know from the Bradbury fire that neighbouring industries had odour within their factories when the fire was out, when they went back in. So you know that you have got that. EPA operates outside the hot zone because we are a support agency; we are not an emergency response agency—

Mr LIMBRICK: So we do not know what people in the hot zone were exposed to?

Dr WILKINSON: It would be a question to MFB.

Dr HINWOOD: Yes, MFB can answer that.

Dr WILKINSON: So it would be a question to MFB.

The CHAIR: I think we will do that at midday. Ms Terpstra?

Ms TERPSTRA: Just a question perhaps for you, Dr Wilkinson. This is just a question about the inspection regime. I noticed earlier you were talking about the number of inspections that the agency undertook. Can you just tell me a little bit more about that? How often would you inspect? And does the agency increase the frequency at random times? Do you mix it up so that there are more randomised approaches to inspections? And do you increase the frequency depending on what is going on? And then, for example, afterwards, how do you then follow up if you have found areas of concern? How would you then go about following up or reinforcing perhaps compliance? How does that actually work?

Dr WILKINSON: So each year EPA sets a regulatory work plan, if you like. We over recent years have done about 2000 to 2200 inspections. We prioritise those in roughly three different categories. One is called licence compliance inspections. EPA Victoria currently has about 670 licenses. We risk prioritise those different licences and determine the frequency of inspection, and we have to do, as budget paper 3 indicated, I think it is between 200 and 250 license compliance-type inspections a year. That is one kind.

The second kind is then strategic inspections, based on our best judgement of where risk is in the landscape—where we need to put extra effort. They are the sort of inspections I have talked about around stockpiling, around illegal chemicals and so on. They are informed by our risk prioritisation work, but they are also very dynamic, depending on what is going on in any one year. So we have to be very adaptive within the year. For example, since the Campbellfield fire, we have directed a significant portion of the workforce to get through those 50 inspections so that we could assure the community that that cohort were across it.

The third category, if I can characterise it like that then, is pollution response.

We get in the order of I think it is 65 000 calls to our call centre each year, which includes about 13 000 pollution reports. Again, we triage those, and with the ones that are of the highest priority we do quite a lot of inspections heading out to those. It is a mix of planned and unplanned inspections. With the recent activity we have prioritised unannounced inspections, and we will continue to mix up our type of approach so that we can have the best deterrent impact, basically.

In terms of follow-up, once we do an inspection EPA has a compliance and enforcement policy that determines, based on what we have found, what is the appropriate regulatory action to take—so if it is the first issue someone has had, they genuinely did not know about something, and I am not talking at the high-risk scale. So basically we work on a scale of risk to or impact to the community and the environment, and culpability, and where you sit on that scale determines the type of regulatory tool, ranging from support and guidance through

to official warnings, through to infringement notices, through to pursuit of a prosecution, through to suspension of licence or, in extreme cases, ultimately revocation of licence. To ensure we are consistent and we are proportionate across the state that is what guides our regulatory follow-up.

Ms TAYLOR: Probably just picking on that question a little bit further, could you—anyone here can respond—flesh out a little bit more about the whole-of-government response to identify and prevent the illegal storage of chemical and hazardous waste? It would just be nice to understand a bit more about how the various agencies work together to mitigate or minimise the kind of outcomes we have seen recently.

Dr WILKINSON: I could maybe make a few comments operationally on what has been done, and I am very happy for John to jump in as well. In terms of the proactive work that was done following the West Footscray fire and really prior to that as well—and this goes in part to your question that I know I did not answer about how agencies are working together—WorkSafe, MFB, CFA, EPA, Emergency Management Victoria and Victoria Police are working very closely together to join up our intel, which enabled us to identify proactively those eight initial sites that were found. Operationally, we have got an illegal chemical storage task force that is doing two things operationally. The first is ensuring clean-up of sites that have been taken over, because that is a significant activity. That is complex, and we are working together on that. The second part of it is then having a program of proactive inspections across the state to make sure that we are doing those random, unannounced-type inspections based on best intelligence. What that work is doing is literally every month as we complete the inspections that have been done we take on the lessons from that month and work out how we can even better target our intelligence. In the first instance it was targeted to four municipalities in the west and north. It was Hume, Whittlesea, Brimbank and Maribyrnong. We had already followed up post the West Footscray fire, and we include councils in that where they are able to participate as well.

After we do each batch we get together and learn. Wherever we can we do those inspections together. It is really beneficial doing them together, going out on site. In fact as we speak we have a joint agency program around Build Aware, which is more focused on the construction sector, where I think there are about five regulatory agencies going out to one site together. It means the agencies can share intel, but it also means that the business can get an efficient look. So there is the dealing with the sites that have been taken over; there is the proactive inspection regime. We are also working together on the regulatory investigations, but I cannot talk to that too much.

Mr BRADLEY: Just to supplement that, I guess above the operational level there is also a process for making sure we have got good whole-of-government coordination around the policy and regulatory framework. We have a dangerous goods and waste crime oversight group, which is the senior governance decision-making body responsible for overseeing the way those various task forces and coordinated programs and those different niche areas are then coming together and being supported through whole-of-government coordination.

So I chair that oversight group, but it also includes representation from the Department of Justice and Community Safety, Emergency Management Victoria, WorkSafe and of course the environment protection agency. In terms of the focus of that group, it is to make sure that the agencies are working well and that we have got good operational coordination around those issues like criminal intelligence sharing happening between the agencies, but we are also surfacing early any issues that do need to be prioritised in terms of policy and regulatory reform, because this is a fast-moving space. They are probably the coordination measures across those two levels.

The CHAIR: Just following up on that issue, should we seriously now start thinking about treating these prescribed industrial waste facilities as major hazard facilities? The products they are actually using are produced by major hazard facilities, and major hazard facilities, as you know, have got to have a business case every number of years to justify why they are operating. There are very strict rules, like the petrochemical companies and so forth. What seems to me to be missing as part of the current licensing regime is that we do not pay too much attention to skills, training and work procedures. Is it part of the licensing? To me it is not, because the EPA talked focus—and rightly so; that is the way they do it within the current legislation, focusing on storage and handling et cetera—but should we seriously start thinking about treating these sites as major hazard facilities to protect the community and the workers? Because at the end of the day we have had some serious injuries. Migrant workers are working in these facilities with little training, and I am afraid that some of these shonky operators have no clue about how to handle major hazard goods. Do you have any view on that?

Mr BRADLEY: Yes—and feel free to supplement, Dr Wilkinson—that is primarily a decision and a good question to take up with WorkSafe, that would have that responsibility. But I did want to connect to your point about the seriousness with which we are treating the process for licensing these activities. It builds on the comments that Dr Wilkinson made earlier about the changes to move sites like Broderick Road, Lara, from a Planning and Environment Act permitting framework into a site that is subject to that waste management policy and therefore the active regulation of the EPA. Those changes have already been undertaken and put that focus there. But also when we are looking at the EPA legislative reform that is on foot and the development of the subordinate legislation, that will see a complete review of the licensing framework and an ability to establish new licensing requirements on facilities in a more intensive way, and Dr Wilkinson can speak to the detail, if you would like some more understanding of what is already happening in that Environment Protection Act reform. But there is also the question of major hazard facilities that WorkSafe could speak to.

Dr WILKINSON: And WorkSafe has a code of compliance for storage and handling of goods, but I will leave that to WorkSafe, that side of things.

In terms of EPA's regulatory role and the new legislation, through the Parliament late last year comprehensive new legislation was passed for EPA Victoria, and when that comes in following the setting of subordinate legislation, which will go into the public domain subject to government processes later this year, it will certainly introduce a new permissioning framework that will bring into that permissioning framework through licences, permits and registrations, more types of facilities. It will also do things like modernise the EPA's inspection and inquiry powers. It will introduce what is called a general environmental duty, which puts an obligation on all players to prevent harm from pollution and waste and attaches an offence to that, which will mean that we are more easily able to go in at the front end. There was a question earlier around prevention. The whole premise of that new legislation is around a preventative approach, so in the same way that through OH&S since I think about 1984 it has shifted to that safety culture, preventative approach, everyone has an obligation on safety.

It is applying that same principle to the environment. The new legislation will include significant increases in maximum fines and penalties, including repeat waste offender penalties and a fit and proper person test particularly for that, and also—relating to my comments around intelligence—new powers for our authorised officers to use modern surveillance methods and so on. So it is really modernising the EPA, recognising that for that deliberate illegal activity we need to be able to have those sorts of powers.

Mr LIMBRICK: I would just like to get back to the issue of organised crime. In broad economic terms the incentive for organised crime is the cost of licensing and compliance, right? So the higher the licensing and compliance costs are, the more incentive there is to bypass those costs, and organised crime moves in. We can see this; it is a basic economic principle. So what has the EPA done to reduce these costs for business and therefore reduce the criminal incentive?

Dr WILKINSON: Look, in terms of alleged organised crime or deliberate illegal activity of the scale we have found, the costs associated with licensing, permissioning and so on are effectively immaterial. I think really the drivers, if you like, are the gains of deliberately acting outside the system and avoiding the cost of processing, so I am not sure that it is a cost of licensing issue. In fact in Victoria my understanding is that we are quite reasonable in terms of the way we have costs associated with licensing.

Mr LIMBRICK: So you are saying that the incentive is the cost of disposal issue?

Dr WILKINSON: Yes, avoiding the costs of disposal, absolutely. And it really makes the actual cost of the licensing regime immaterial.

Mr LIMBRICK: So what was the disposal destination, do we know?

Dr WILKINSON: That is all part of the investigation. I do understand the interest in it, but—

Mr BRADLEY: If I could add to it just in a general sense rather than commenting on a specific investigation, I guess what we are describing is a situation where the waste generator quite likely thinks that they are disposing of the waste in a legitimate manner and there is an intermediary that is holding themselves out—

Mr LIMBRICK: That is what I was getting it before with the supply chain—where is it becoming criminal?

Mr BRADLEY: Yes, so it is a complete cost shift.

Dr RATNAM: I would like to go back to the issue of recyclable waste and question the department, if I may. You referred to the China Sword policy as one of the factors driving the storage moving to stockpiling, because I recognise that there is legitimate storage and then there is stockpiling. I would like to understand that more in terms of how you are able to track moving from storage to now stockpiling to dangerous levels of stockpiling to the point at which we cannot do anything with the recycling. When exactly did the department first get an indication that the policy regarding China's acceptance of recycling was changing? When did they start to tighten up their acceptance of contaminated or low-grade recycling?

Ms WHITE: I might respond to that and then ask my colleagues to complete anything that I might miss. In late 2017 into early 2018 there were a range of messages and signals from China indicating that they did want to reduce and eliminate low-grade recycling of plastics and paper materials, and in early January 2018 they specified a standard of very low contamination that would be acceptable. So it was not that they said they did not want to take recycling materials, it was the standard that changed, and the standard became pretty high from what was a particularly broad range of commodities that they were accepting around plastics and papers. At that time that standard was set worldwide, and China had been receiving a very significant amount, estimated to be approximately 50 per cent, of the world's residential/household recycling wastes at that time. So it was a broad impact across the globe; it was not just for Victoria. It affected every state here, and it also affected many other countries who were doing that. There were other markets at the time that were also receiving waste, and those have also started to in recent times, since that time, increase the standard or lower the contamination rate that they would accept around plastics.

Places like Malaysia have sent those signals as well. So that is when we were informed or became aware of that change in standard.

When it comes to the industry sector and how they respond, many of the recycling companies had contracts of varying form, and some of those contracts then started to be impacted from that time and from that time onwards. So, for example, a number of recycling companies were still able to sell into the market, but then that reduced significantly over time unless they could meet the higher standard, and a higher standard may have meant they needed to improve their sorting and their decontamination. It was the ability to be able to meet that sorting and decontamination rate that then set what they could do next.

Dr RATNAM: Thank you. So I appreciate your indicating that it was late 2017 when you got your first indications of the increased threshold, the acceptance of materials as a first indication, and I understand that the government released its recycling industry strategic plan in July 2018 as a response. However, there has been broader public discussion about the earlier indications of that. For example, in April 2011 China adopted regulations—what are commonly known as article 12—aimed at reducing contamination in imported material. In February 2018 the Chinese government decided to aggressively enforce article 12—and this information is in the public domain—to improve the quality of imported recyclables through Operation Green Fence. In February 2017, National Sword 2017, a one-year campaign similar to Green Fence, was launched. In July 2017 China announced a ban of 24 import materials to the World Trade Organisation, and then you get the later indications towards the end of 2017 of the announcements of the specifics of contamination levels, which were much more restrictive than we had seen before. Do you think the government could have reasonably anticipated this issue given those earlier indications going as far back as 2011 that we had a crisis that was to be unfolding and responded prior to getting to such critical levels?

Ms WHITE: I think there are a couple of things I could put into that answer if you would give me just a couple of minutes.

Dr RATNAM: Sure, no problem.

Ms WHITE: I will start with the recycling strategy and working with industry and local government leading into the July 2018 document or the strategy that evolved. That was around the immediate need to be able to reset contracts and to enable the resetting of contracts between local government and collectors and recycling sites or recycling companies to acknowledge that an increased cost in sorting and decontamination was required if they wanted to meet the high standards and be able to export part of their commodity or be able to still be in the

commodity market worldwide. Prior to that, though, there had been a range of activities and a range of programs largely delivered through Sustainability Victoria which were around upgrading our recycling capacity—so things such as grants to recycling sites to be able to produce a broader range of products so they could expand their markets, both internally and particularly abroad, and also to be able to upgrade their facilities to the higher standards. It was also across a broad range of commodities, everything from glass through to manufacturing or industrial recycling. So there had been a number of programs that had been put in place. I think then from an immediate response post-1 January it was about then, if you like, grappling with a whole-world oversupply of low contamination, but prior to that we had also been working on upgrading the standards or broadening the base of what would be our recycling commodities that could be sold.

The CHAIR: Just on that, in the interests of time, we are going to actually spend time talking about that specific issue later on, perhaps next Friday, so I have got two more questions quickly. Mr Meddick?

Mr MEDDICK: Yes, if I can, I would like to just momentarily return to the storage of solvents et cetera around the issue of fire. I refer to my colleague, Mr Davis, and his concerns about the testing of the community afterwards.

My question is mainly for Dr Hinwood, I guess, but feel free anyone else on the panel there to answer and supplement.

Notwithstanding the illegal storage of some of these chemicals, it is a fact that fire in and of itself is a chemical reaction, and it alters the state of some of these stored chemicals in that sometimes what can be an inert substance can become toxic under that chemical transformation and also other combinations of said chemicals, and also then a third reaction under fire. My concern is not just for the community, insofar as what you are talking about—the cold zone—but also for first responders in the hot zone. Forgive me but in these instances—and let us assume that some of these places are complying completely with what is going on—what lists are available to those first responders immediately that they are responding to a fire so that they know precisely what they are dealing with when they get there?

Dr WILKINSON: My understanding is that under the WorkSafe dangerous goods storage and handling code of compliance there are manifest quantities and those sorts of things specified in there, with quite specific requirements for how that information is made available at the site. I would probably need to leave it to WorkSafe to comment on that, but I think that is a very good question for WorkSafe.

Mr MEDDICK: Thank you.

Mr DAVIS: My question is to Dr Wilkinson again, and I just put on the record that for a number of years I have had concerns about the EPA and its governance structure. You have been there I think about 12 months?

Dr WILKINSON: Eight months, I think.

Mr DAVIS: Eight months—not quite.

Dr WILKINSON: In the CEO role I should say.

Mr DAVIS: I am making the point that it is a longer term issue. It has a board and I would be interested to, number one, see a copy of your board minutes for the last perhaps three years, of this fire sequence, and also to understand how the decision-making protocols and advice are actually put together on a lot of these issues. How is that done? Does the board see it, do they tick it off, is it the CEO? How does this actually operate? It is actually quite an important thing: these frameworks, how are they put together to make those decisions? I really am very keen to see the governance mechanism.

The second point, and I will get all these on the record now so you can do it in one hit, is on the Sustainability Fund that I referred to before—a very large pool of money now. As I understand it some of that is now being used to fund the EPA. Can you confirm that, and tell us how much and what changes have occurred there.

Dr WILKINSON: I will leave the second question to Mr Bradley. In terms of the first, when the ministerial advisory committee into the EPA came down with their report, the issue of governance was recognised as

something that needed to be dealt with, and that is why through the Parliament the initial legislation that was passed, that came into effect on 1 July last year—

So it is two phases the legislation. The first phase was essentially around governance, which goes directly to your point. It set up EPA as a proper statutory authority; it set up a statutory board for the first time. Prior to that there had been various arrangements in place.

Mr DAVIS: As an advisory—this is why I am interested in that three-year period, to understand that.

Dr WILKINSON: That is right. From 1 July last year we have been a statutory authority with a statutory board. The board delegates regulatory powers to—

Mr DAVIS: Some of the same people though.

Dr WILKINSON: Certainly, some of the same people but some new as well, and the board delegates regulatory powers to the CEO from a management execution point of view.

Mr DAVIS: These sorts of protocols and advices, are they ticked off by the board or does it all happen with the CEO? I am just trying to understand this. It is quite important.

Dr WILKINSON: Consistent with modern governance processes the board is responsible for setting the strategic direction, the strategic risk management and so on of the organisation. Operational decisions then, in terms of how that is applied, are delegated to me as the CEO in terms of operationalising that. We do that in a number of ways: we have an annual plan that is made public that sets out our priorities; we have got a corporate strategy with five goals, with outcomes we are committed to achieving in relation to that; we have, as I mentioned, the compliance enforcement policy that guides how we execute our compliance enforcement effort; and we have an annual regulatory work plan, if you like, that drives priorities. But as I said, in any one year the risk landscape can change quite significantly, so we then direct people to where that greatest risk is.

In terms of reporting on the annual plan, that gets tabled in Parliament transparently, obviously through the Parliament, for the community to assess our performance. As a regulator we spend a bucketload of time holding others to account. Through that annual report is one of the ways we can put our performance on the public record.

Mr BRADLEY: Just to close out the issue around the funding of the EPA, no funds are provided for the operations of the EPA from the Sustainability Fund itself, but as I was responding to your question during my opening comments, the collection of the municipal and industrial landfill levy is the source of funds that is collected, and those funds do fund environmental agencies, including significant environmental agencies with responsibilities for waste, including not only the EPA itself but also Sustainability Victoria and those waste and resource recovery groups, and contributions of funding go to fund those agencies and have for a longstanding period. Then out of that amount—and this is published in a report that we can provide to you; it is the Sustainability Fund activities report—the amount provided to the EPA in 2017–18 was \$78 million. Then the balance after funding environmental agencies is transferred to the Sustainability Fund. Then, again in the report, you can see the significant disbursement of the Sustainability Fund across a range of waste and other activities.

Mr DAVIS: We will find out shortly it has got about \$600 or \$700 million in it, which I think is quite a significant fund.

The CHAIR: We will get that information, and then you will send us that stuff?

Mr BRADLEY: Yes.

Mr DAVIS: Thank you.

Mr BRADLEY: I suspect we will probably have further discussions.

The CHAIR: I have got one more question to Dr Wilkinson. I have just realised I did not ask it. The licence for Bradbury was suspended in late March. I think, was it 19 of March or 25 of March or thereabouts?

Dr WILKINSON: Twentieth, yes.

The CHAIR: Twentieth of March, but yet they continued to operate until the fire, which was on 5 April. Can you take me through, if you do not have a licence, why should you continue to operate? Is there a gap in the legislation or—

Dr WILKINSON: No.

The CHAIR: Can you take me through why, because to me if the licence is suspended, the place should have shut down and been made safe instead of continuing to operate.

Dr WILKINSON: Great question. In suspending their licence, what the regulator is saying is, 'No matter what contracts you have in place with other parties, you can no longer receive any additional material from other parties to process, but you are obliged to process the excess material you already have on site', which is required to help make the site compliant with the licence, and we make those sorts of judgements, because if they do not process that, then public money would be needed to do that, and they have the facilities there. The issue is that we said, 'Until you do that, you cannot take one single additional IBC through the door from other people, no matter what those contracts are in place'. Which is why it is such a strong regulatory tool, because it has immediate commercial implications. In fact for many operators, for many duty holders, it is a stronger tool than prosecution, which can take some time through the courts and so on and end up with a fine, and yes, it might be a significant fine, but to have that immediate commercial impact is a very strong regulatory tool.

The CHAIR: And their record with the EPA, is it a good record, a bad record? What sort of record did that company have over the years?

Dr WILKINSON: I would not say they were a star duty holder by any means. It was an organisation or a duty holder that we had our eyes on, which is why we were doing that extra proactive inspection.

The CHAIR: That is why I was surprised recently that the EPA in my understanding had given them a contract to actually clean the place up, with their horrible record. To me, I think they should be held accountable to their actions, and particularly in relation to the employees, when I hear stories. One of their employees I think was interviewed on one of the TV shows about the WorkSafe inspection. They gave them their safety gear just for the inspection, and after that they took it off them.

So they had a bad record, yet they were given the contract to clean the place up instead of getting someone else more reputable to clean it and send them the bill instead. Can you shed any light on that? Or if you want to take that on that on notice, I would be quite happy.

Dr WILKINSON: I can certainly follow up and if there is anything to add I will, but I am not aware of any contract that EPA has engaged that company to do. In terms of the clean-up that WorkSafe is leading of the eight sites and the additional four, I think that they have now taken over. I think that is a question for them. But again I am not aware that Bradbury's has been issued any kind of contract in that respect, and in part for exactly the reasons you identified.

Dr RATNAM: Hopefully we will have more time to talk in future. Coming back again to the recyclable waste, in February 2017 when China's policy became clear, do you all have a sense of how much recyclable material was stockpiled in Victoria and how much it has grown since then?

Ms WHITE: I would have to get back to you about advice from that time and refer to whether we have information. The difference between what would be stockpiled and what would be stockpiled and appropriate—as in storage—versus what is stockpiled and then became outside of the licensing arrangement or the guidelines that the EPA set is probably what I would distinguish.

Dr RATNAM: Yes, great. Are you happy to take that on notice?

Ms WHITE: Yes.

Dr RATNAM: Great. Thank you very much.

The CHAIR: Well, on that point, thank you very much for your time and, in particular, Dr Wilkinson, for answering most the questions.

Dr WILKINSON: Thank you.

The CHAIR: A copy of the transcript will be sent out to you, and if you have got any corrections to make, please do so and return it. I am sure we will see you back here shortly, in the next few weeks.

Witnesses withdrew.

DRAFT