



NSW **EPA**

Risk-based licensing

Improving environmental regulation in NSW



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Risk-based licensing - Improving

The Environment Protection Authority (EPA) has introduced a risk-based licensing system which aims to ensure that all environment protection licence holders receive an appropriate level of regulation based on the level of risk that they pose to human health and the environment.

The move to risk-based licensing is an important and positive change to the environment protection licensing system in NSW.

When determining the risk posed by the activity or activities undertaken at a premises, the EPA will assess the risks relating to the day-to-day operations as well as the pollution incident risk at the premises. The environmental management performance of the licence holder at the premises will also be used to determine the level of risk.

How are risk assessments undertaken?

Risk assessments of premises are undertaken by EPA officers in consultation with licence holders. To assist with the risk assessment process, licence holders may be required to provide relevant information to the EPA. The EPA will commence risk assessments from September 2014.

What is considered in the risk assessment?

When assessing the day-to-day operations and the pollution incident risk, the EPA will consider the types and nature of emissions from the premises, what pollution control measures are in place, the proximity of the premises to sensitive environments and receivers, and the level of sensitivity of those environments and receivers.

environmental regulation in NSW

Environmental management performance will also be assessed by considering the enforcement history and any regulatory actions taken by the EPA in relation to the premises.

In addition, recognition is given to environmental management systems and practices implemented at the premises as well as any environmental improvements undertaken or put in place to control or minimise environmental risks.



What results are determined by the assessment process?

The risk assessment process determines an overall environmental risk level for each licensed premises: Level 1, 2 or 3, with level 3 being the highest risk.

The assessment of the environmental management performance is used to determine an environmental management category for each licence: A, B, C, D or E, with category E being the poorest environmental performers.

How often are risk levels and categories reviewed?

The risk assessment of the day-to-day operations, and the risks associated with pollution incidents at the premises, is reviewed every 5 years at a minimum. Reviews can be conducted more frequently if required or if circumstances at the premises change.

The environmental management category will be reviewed annually at the end of each licence reporting period. Changes in the environmental management category may impact on the risk level for a licence.

Licence holders will be notified of their environmental management category and their risk level each year.

How does risk-based licensing impact on licence fees?

From 1 July 2016, in addition to being used to determine a licensed premises' risk level, the environmental management category will also be considered in the calculation of the administrative fee for a licence.

Licence administrative fees will be calculated based on the number of fee units (fee units are set out in Schedule 1 of the Protection of the Environment Operations (General) Regulation 2009). Fee units are determined for the activity being undertaken on a premises (based on the type and scale of the activity) multiplied by the fee unit amount, and then multiplied by a factor associated with the environmental management category:

- Category A – current administrative fee x 0.95
- Category B – current administrative fee x 1.0
- Category C – current administrative fee x 1.3
- Category D – current administrative fee x 1.6
- Category E – current administrative fee x 2.0

It is important to note that only the environmental management categories (A, B, C, D or E) have an impact on licence administrative fees. The risk level (level 1, 2 or 3) determined for a licence has no impact on the fees for that licence.



How do I improve my environmental management category?

Licensees are able to receive credit towards their environmental management category calculation if they have an environmental management system certified to the international standard ISO 14001, or if they have aspects of an environmental management system in place on the premises.

Licence holders who voluntarily undertake works to prevent, control or mitigate pollution risks at their premises that demonstrate environmental improvements beyond their licence conditions or legislative requirements, will also receive recognition for those works when their environmental management category is determined.

The best way to improve your environmental management category is to make sure you comply with all licence conditions and relevant regulations, so that the EPA does not have to take any regulatory action.



What do I need to do?

The EPA will contact each licence holder prior to the risk assessment process being undertaken for their premises.

Where can I find further information and resources?

There is a range of resources available on the EPA's website, including:

- a detailed outline of the risk assessment process
- links to the Protection of the Environment Operations (General) Amendment (Licensing Fees) Regulation 2014, which outlines the changes to licence fees as a result of the introduction of the EPA's risk-based licensing system
- the Environmental Management Calculation Protocol which sets out the methods the EPA will use to determine the environmental management category for each licence
- the risk assessment tool that the EPA will use to complete the risk assessment process
- guidance on how to use the risk assessment tool.

For more details visit:

www.epa.nsw.gov.au/licensing/licencereg.htm.

To gain a better understanding of the system and the risk assessment process, all licence holders are encouraged to use the risk assessment tool along with the supporting guidance material, as well as the other resources available on the EPA website.

Alternatively, licence holders can contact the EPA's Environment Line on 133 555 or info@environment.nsw.gov.au.

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