

Risk-based licensing Information on environmental management systems, practices and improvements

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Licensees' environmental performance

The risk-based licensing system acknowledges the positive practices that licensees have put in place to make environmental improvements, such as environmental management systems, that reduce the likelihood of an environmental incident or non-compliance from occurring. The system incorporates fee reductions for good environmental performers.

Recognition is given to those licensees who have environmental management systems and practices in place. Recognition is also given to licensees who can demonstrate environmental improvements using environmental improvement programs.

The environmental management category (EMC) is calculated for a licence by considering the environmental management performance of the licensee at the licenced premises.

The EPA will take into account:

- a licensee's environmental performance
- the regulatory actions the EPA has taken
- environmental management systems and practices the licensee has in place and
- environmental improvement programs.

Based on this assessment a licensee will be allocated an environmental management category: A, B, C, D or E for each licence.

Refer to the [Environmental Management Calculation Protocol](#) for details regarding environmental improvement measures and how they are recognised in the system.

Licensee environmental management systems and practices

Where a licensee has implemented environmental management systems and practices for a licensed activity they will receive a reduction from their total environmental management score. The environmental management systems and practices form one component of the total environmental management score.

Environmental management systems (EMS) can be 'certified' by an independent third party to the ISO14001 standard.

Where an EMS has not been certified the EPA will consider the EMS to determine if it is a 'demonstrated equivalent' EMS on a case-by-case basis. A demonstrated equivalent EMS needs to be equal to or substantially comparable to a certified ISO14001 EMS in terms of accountability, procedures, documentation and record-keeping requirements. To determine if a non-certified EMS is considered a demonstrated equivalent EMS, contact your local EPA regional office.

Licensees who do not have a certified EMS or any other demonstrated equivalent EMS in place can receive a reduction in the total environmental management score for demonstrating management practices and activities that are considered to be equivalent to components of an EMS.

To receive a reduction to the environmental management score for having the components of an EMS, licensees must have documented practices and procedures in place.

Refer to the EPA's [Environmental Management Systems Guidelines](#) for further information on EMSs. Table 1 of the above guideline provides examples of the types of documented evidence that may be required to answer 'yes' to these questions.

Refer to the [Environmental Management Calculation Protocol](#) for details regarding the score reductions applicable for components of an EMS.

Environmental improvements

If the licensee has entered into an environmental improvement program at the licenced premises, the licensee is eligible for reductions to their environmental management score.

Environmental improvement programs

Definition

Environmental improvement programs (EIPs), as defined in the [Environmental Management Calculation Protocol](#) (the Protocol):

are pollution reduction programs (under section 68 of the POEO Act) that have been initiated by the licensee by way of an application made to the EPA to vary their licence under section 58(3) of the POEO Act. The environmental improvement programs must be programs outside of those required to achieve compliance with legislative requirements under the POEO Act or Regulations or any existing conditions on the licence at the time that the environmental improvement program is added to the licence.

Section 68 of the *Protection of the Environment Operations Act 1997* (POEO Act) defines pollution reduction programs (PRPs) as:

The conditions of a licence may require the holder of the licence:

- a. to develop and submit to the appropriate regulatory authority a pollution reduction program and to comply with the program as approved by the appropriate regulatory authority, or
- b. to comply with a pollution reduction program determined by the appropriate regulatory authority.

A pollution reduction program may include but is not limited to requirements to carry out works or to install plant for the purpose of preventing, controlling, abating or mitigating pollution.

The appropriate regulatory authority may approve a pollution reduction program with or without alterations.

Purpose

EIPs involve licensees proactively undertaking actions that lead to environmental improvements and a reduction in pollution, consistent with the objects of the POEO Act. Licensees undertake a program of actions to improve environmental outcomes in a negotiated timeframe, in consultation with the EPA. EIPs are attached as conditions of a licence and as such are enforceable.

Common objectives of EIPs include:

- reducing pollution
- implementing sustainability initiatives and cleaner production techniques (reduce pollution at source)
- providing public access to information on the nature and timing of the improvements being made
- assisting the licensee to demonstrate their intention and willingness to improve environmental performance.

EIPs are intended to encourage voluntary environmental improvements by providing a potential financial incentive. Where an EIP is entered into and placed on a licence, it can improve a licensee's environmental management score which may lead to reduced licence administration fees.

Vary licence to attach EIP

The licensee must apply for an EIP using the [licence variation application – premises form](#).

The EIP application must provide the following information:

- a description of the program, including costs
- the program's proposed completion date
- key reporting milestones
- details of expected environmental improvements.

The EPA will attach the EIP as a licence condition under section 68 of the POEO Act, under the heading 'Pollution studies and reduction programs – environmental improvement program'.

The EIP should include the following requirements:

1. A date by which the licensee must commence the program of actions outlined in the EIP.
2. A date by which the licensee must have completed the program of actions described in the EIP.

Follow up

The licensee must report on compliance with all conditions of their licence, including EIP conditions, in their annual return.

Under section 64 of the POEO Act, if any condition of a licence is contravened by any person, each holder of the licence is guilty of an offence.

The EPA may also remove the EIP from the licence if key milestones or any other conditions of the EIP are not met.

If the licensee does not comply with the requirements of the EIP, or if the EIP is removed from the licence, the EPA will add an amount equivalent to the total score reduction received for the EIP onto the environmental score for the following licence fee period.

EIPs will be routinely reviewed by the EPA to ensure key milestones are met. Licensees can renegotiate timeframes with the EPA in certain circumstances. The EPA will negotiate EIPs in accordance with the EPA's statutory powers and the principles of procedural fairness.

Case study – environmental improvement programs

A licensee applies for an environmental improvement programs (EIP) after contacting the EPA office and consulting on the applicability of a program of actions to reduce water pollution. The EPA considers the steps below to determine if it is appropriate to vary the licence and attach the EIP.

Consider relevant provisions in the POEO Act and Regulations, and EPA guidelines

The licensee is currently complying with the licence conditions for water discharges at the premises. The EPA has set licence limits for concentration and volume water discharges from the premises, consistent with Australian and New Zealand Guidelines for Fresh and Marine Water Quality 2000 and the NSW Water Quality Objectives.

Pollution reduction

The program of actions contained in the EIP application aims to reduce the amount of water discharged from the premises by recycling waste water and storm water. This water would be reused in operating the activity undertaken at the premises, reducing the load of water pollutants entering the waterway.

Licensee's compliance history

The EPA has considered the matters set out in section 45 of the POEO Act when assessing the EIP application. The licensee has a good environmental performance record and has controls in place for discharging treated waste water.

Assess the environmental measures

Existing controls for reducing the risks posed to waters from activities undertaken at the licensed premises include diverting all uncontaminated surface storm water away from areas where activities are undertaken. In addition, the licensee currently treats waste water prior to discharge.

Major upgrades are proposed to the premises to be undertaken over a two-year period, including changes to operational procedures and increasing the storage capacity of waste water. The proposed operational changes will allow treated waste water to be used in the operation, reducing the amount of controlled water discharges, and implement best industry practice for improving water quality as a result of a proposed waste water holding dam.

Attach EIP

The EIP is attached to the licence as a licence condition under the heading 'Pollution studies and reduction programs – environmental improvement program', and includes:

1. A date by which the licensee must commence the program of actions outlined in the environmental improvement program.
2. A date by which the licensee must have completed the program of actions described in the environmental improvement program.

Follow up

The licensee must report on compliance with all conditions of their licence, including EIP conditions, in their annual return.

EIPs must be routinely reviewed by the EPA to ensure key milestones are met.