

VICTORIA

Victorian
Auditor-General

Audit summary
of
Hazardous Waste
Management

Tabled in Parliament
09 June 2010

Audit summary

Hazardous waste poses threats to public health and the environment if it is not stored, transported, treated, or disposed of properly. It includes liquids, gases and solids, and may be explosive, flammable, corrosive, toxic, radioactive, or infectious. There are around 10 000 hazardous waste producers or 'generators', 80 per cent of which are located in the Melbourne metropolitan region.

We examined whether the Environment Protection Authority's (EPA) control and regulation of hazardous waste has reduced inappropriate disposal. Specifically, the audit examined whether:

- data used to inform control and regulation is relevant and reliable
- the surveillance and monitoring of generators, transporters and treatment and disposal facilities is effective
- enforcement actions are appropriate and timely
- expected benefits from the new regulations are being achieved.

Conclusions

The EPA is not effectively regulating commerce and industry's management of hazardous waste. Its monitoring and inspection activities lack coherence, purpose and coordination. This, combined with poor business information because of the EPA's lack of data reliability, poor analysis and reporting and inadequate documentation of its rationale for decisions, means that there is neither sound compliance monitoring nor effective enforcement regimes.

As a consequence, there is little assurance that hazardous waste is stored and disposed of appropriately.

Main findings

Information management systems

The EPA's management of hazardous waste information is inadequate. A series of fragmented databases are in use, some of which cannot distinguish matters central to hazardous waste.

There is only limited analysis and reporting of trends and issues, and this is based on data the EPA cannot be assured is reliable, largely because of a lack of data integrity and document controls, and poor record keeping. Further, the lack of documentation for decisions has compromised the EPA's accountability and transparency.

Compliance monitoring

The shift to greater self-regulation in the management of hazardous waste, combined with higher costs for disposal, increases the risk that commerce and industry will not comply with their licence conditions. Effective monitoring and compliance is required to minimise this risk.

The EPA's compliance monitoring activities cannot adequately assure that commerce and industry are managing hazardous waste in accordance with regulations.

Significant limitations identified were:

- a previously decentralised program of inspections not supported by clear, risk-based rationales
- compliance activities have significantly decreased since 2007–08 while the opportunity and incentive for non-compliance has increased
- no monitoring of hazardous waste that is recycled or reused
- limited review of licencees' annual performance statements and the results of environmental audits
- limited assurance that hazardous waste transporters' vehicles are safe and compliant
- no clear rationale for the limited use of financial assurances that protect the state from bearing the costs of non-compliance.

Enforcement

Enforcing the legal requirements of the *Environment Protection Act 1970* is a key regulatory role. Enforcement actions should act as a deterrent by holding offenders accountable for their actions. They also present the opportunity to educate and inform the community and industry about appropriate environmental behaviour.

The EPA's enforcement management practices are concerning. While the EPA has an enforcement policy, it lacks sufficient detail to achieve effective enforcement. It does not include guidance on appropriate penalties and graduated enforcement responses, consequently increasing the risk that inappropriate enforcement action will occur.

The EPA's enforcement files could not be audited due to poor documentation and the lack of EPA's self-assessment. Neither VAGO nor the EPA can provide assurance about the effectiveness of its enforcement activities. This is particularly so in relation to the timeliness, consistency and appropriateness of enforcement action. In terms of good governance and public accountability, these are significant limitations.

The EPA established the enforcement review panel in 2005 as the mechanism for senior management review, guidance and decisions on enforcement matters. The enforcement review panel is not meeting all its objectives or performing its role, as intended. It lacks transparency and there is one member of the panel with a potential conflict of interest.

Recommendations

Number	Recommendation	Page
	The Environment Protection Authority should:	
1.	Implement the information management solutions it identified in the 2007 Business Systems Review as a priority.	12
2.	Implement robust data integrity controls across all information management systems.	12
3.	Revise its record-keeping practices to comply with the <i>Public Records Act 1973</i> .	12
4.	Implement routine data analysis to report to management on performance and to inform other EPA activities, including compliance and monitoring.	12
5.	Extend the program of compliance inspections both to cover waste reusers and transporters, and establish a rationale for the number of annual inspections.	23
6.	Undertake more timely and meaningful reviews of environmental audits and annual performance statements, with greater emphasis on findings and recommendations.	23
7.	Track and analyse environmental audit recommendations, including obtaining timely assurance that auditees have addressed identified issues.	23
8.	Obtain required financial assurances from entities, and review the adequacy of existing financial assurances held.	23
9.	Revitalise the enforcement review panel by confirming its role and responsibilities, monitoring its performance, and changing its membership to remove any potential conflicts of interest.	23