

The Victorian Competition and Efficiency Commission has released its draft report for the inquiry into environmental regulation in Victoria. The final report by the Commission was presented to the Governor on 23rd July 2009. The draft report is available from the Victorian Competition and Efficiency Commission web site.

Explain the purpose of the inquiry and the final recommendations made. Are the recommendations feasible and achievable?

I. Introduction

Climate change poses one of the greatest and most significant threats on both human life and socioeconomic functionality. The United Nations Framework Convention on Climate Change in Copenhagen in December 2009 will attempt to facilitate a global response to the threat of climate change caused by sustained human inaction and industrialisation. The latest scientific data on climate change overwhelmingly indicates that allowing the emission of greenhouse gases to continue at their current rates will contribute to an overall increase in global temperature and a sea-level rise of approximately one metre or more by 2100.¹ This is primarily attributed to melting and dynamic ice loss in Antarctica and Greenland which has been directly correlated to the increasing concentrations of greenhouse gases in the atmosphere. While many climate scientists recognise that the true impact on societal function from climate change still remains largely hypothesised, they encourage at least a consideration of the negative impacts to humans and ecosystems that may occur at varying levels of climate change, the levels of negative impacts that societies are willing and able to tolerate and the levels of climate change at which ‘tipping point’ or irreversible damage is done.²

The State of Victoria has recognised that climate change is a fundamental global issue and is intent on preparing a flexible legislative regime which can encompass any new federal statutory enactments and international commitments as they arise. The Victorian Government commissioned a draft report – *A Sustainable Future for Victoria: Getting Environmental Regulation Right* (**‘the report’**)³ – on the existing position of environmental regulation in the State which attempts to discover the utility and effectiveness that the current statutory framework provides. It is the Victorian Government’s view that in drafting such a report it will be able to assess the nature and magnitude of the impact of climate change on Victorian businesses and enable it to have the capacity to respond to relevant economic challenges and opportunities regarding environmental sustainability in the future through a reduction of ‘red-tape’.⁴ Importantly, the Victorian Government has assessed both the current regulatory and non-regulatory methodologies which are being utilised in respect to environmental regulation incorporating contributions from a wide range of external stakeholders and policy makers. Such a broad and encompassing report indicates the Victorian Government’s heightened position on climate change and is reflective of the Federal Government’s stance evinced through the proposed introduction of the *Carbon Pollution Reduction Scheme* (CPRS) legislative package currently being debated in the Australian Senate.⁵

¹ International Scientific Congress, *Climate Change: Global Risks, Challenges & Decisions*, Synthesis Report, March 2009, Pg 10, Viewed November 20th 2009 at <http://climatecongress.ku.dk/pdf/synthesisreport>.

² Ibid at Pg 12.

³ Victorian Competition and Efficiency Commission, *A Sustainable Future for Victoria: Getting Environmental Regulation Right*, Page V, Viewed November 20th 2009 at [http://www.vcec.vic.gov.au/CA256EAF001C7B21/WebObj/EnvironmentInquiryDraftReport-FullReportVer2/\\$File/Environment%20Inquiry%20Draft%20Report%20-%20Full%20Report%20Ver2.pdf](http://www.vcec.vic.gov.au/CA256EAF001C7B21/WebObj/EnvironmentInquiryDraftReport-FullReportVer2/$File/Environment%20Inquiry%20Draft%20Report%20-%20Full%20Report%20Ver2.pdf).

⁴ Ibid at Page VI.

⁵ As at November 30 2009.

The final iteration of the report was handed to the Victorian Treasurer in July 2009 with substantive findings in relation to the current state of environmental regulation in Victoria. The report seemingly highlights deficiencies in Victorian environmental control with a lack of monitoring, reporting and evaluation in a number of key areas. Of concern are the notable deficiencies in isolating and assessing the impact that regulatory and non-regulatory regimes are having on climate change and an unclear allocation of the roles and responsibilities between different heads of the Victorian and Federal Governments regarding implementation and enforcement of such regimes. Evident industry concern relating to the nature and magnitude of economic modelling and proposed future economic exposure are a key facet of the report which represent the practicality of implementing any new climate change regulation.

Accordingly, this paper intends to discuss and review the most important final recommendations of the Victorian Competition and Efficiency Commissions (VCEC) report and assess their feasibility and realism. It will consider the key findings and subsequent recommendations that the VCEC has proposed and critically analyse their purported impact on Victorian business in light of economic challenges and implementation risks. It will also consider the various shortcomings of the report and highlight these deficiencies with respect to future challenges and goals that climate change will bring on societal function. It will then conclude with a position on whether the report recommendations are pragmatic in light of its purported shortcomings and if it will allow the State of Victoria to achieve its climate change goals into the future.

II. Outline & Recommendations

The VCEC Report highlights more than fifty different recommendations for improvement to the Victorian environmental regulatory and non-regulatory landscape. This includes recommendations to changes in current environmental assessment, protection and reporting, native vegetation, mining regulation, regulatory and non-regulatory reviews and recommendations as to future regulation implementation. The broad range of issues covered in the report focuses on improvements to existing processes and procedures which attempt to remove overlap and improve efficiency rather than the proposition of any new radical recommendations to the current environment regulation regime. Critically, the report suggests that the fundamental role of environmental regulation is to support other policy mechanisms and to act as a policy mechanism in its own right in order to achieve desired outcomes.⁶ The report highlights that most external stakeholders currently prefer statutory frameworks over non-statutory ones because of a perceived certainty that statutory mechanisms will achieve the desired outcome faster in comparison to the subjectivity and risk-adverse nature of decision makers when making non-statutory based decisions.⁷ In this regard, one of the key general aims of the report is to assist change to both the regulatory and non-regulatory frameworks to ensure that they are facilitative and act as an efficient function which encourages and promotes business in Victoria in addition to protecting and maintaining the environment in a cohesive manner.

⁶ Victorian Competition and Efficiency Commission, *A Sustainable Future for Victoria: Getting Environmental Regulation Right*, Page 299, Viewed November 20th 2009 at

[http://www.vcec.vic.gov.au/CA256EAF001C7B21/WebObj/EnvironmentInquiryDraftReport-FullReportVer2/\\$File/Environment%20Inquiry%20Draft%20Report%20-%20Full%20Report%20Ver2.pdf](http://www.vcec.vic.gov.au/CA256EAF001C7B21/WebObj/EnvironmentInquiryDraftReport-FullReportVer2/$File/Environment%20Inquiry%20Draft%20Report%20-%20Full%20Report%20Ver2.pdf).

⁷ Ibid at Page 267.

Perhaps the most important finding of the report relates to environmental reporting and approval processes which significantly overlap and need to be streamlined in order to achieve considerable cost and time savings. In this regard, the report identifies more than forty three legislative Acts and forty nine regulations which currently exist in Victoria alone related to regulation of the general environment, land use, biodiversity, natural resources and pollution and waste management.⁸ The report indicates that a substantial reduction in time and economic cost savings could be achieved by streamlining reporting and approval requirements across these substantial legislative and regulatory bodies respectively. Reporting requirements to local, state and federal agencies duplicate and increase the delay on a multitude of projects and act as a disincentive towards business engaging in such projects in Victoria.

This is further emphasised by the large number of ambiguities cited across such regulatory frameworks evidenced by the amount of inconsistent statutory definitions of key terms such as ‘environment’.⁹ While it is clear that there is a need to have some commonality between objectives of differing environment frameworks across Victoria and Australia, the differences between these statutory definitions are difficult to rationalise and provides uncertainty to Victorian business. In this regard, the requisite interpretation of such objectives is left largely to decision-makers without any definitive guidance from Government or any statutory enactments which ensure that regulatory conclusions are transparent. For example, the *Environment Effects Act 1978 (Vic)* (‘EEA’) implementation guidelines¹⁰ provide that one of its purported objects is to ensure that ‘decision making should effectively integrate both long and short term environmental, social and economic considerations’.¹¹ However, no guidance is provided on how diverse impacts are to be integrated or how ‘ecologically sustainable development’ is to be achieved. It is this exact type of uncertainty which contributes to significant delays and uncertainty in the EEA approval process and to current environmental processes more broadly.¹²

The report also contends that by removing duplication and developing a single on-line reporting point¹³ for all Victorian reporting programs with standard formats and timing – significant cost savings could be achieved. In this regard, the report recommends the urgent need to clarify definitions and remove the unnecessary duplication and gaps in regulatory coverage. Many external stakeholders identified the realistic practicalities of dealing with numerous Victorian governments agencies such that a large duplication of responsibilities between local and State authorities contributed to the greatest increase in their project approval times. In this regard, the report recommends¹⁴ that the Victorian Government review the objectives of environmental regulation most particularly in relation to the EEA¹⁵ and the *Planning and Environment Act 1987*.¹⁶ In doing so, the report contends that a clearer

⁸ Victorian Competition and Efficiency Commission, *A Sustainable Future for Victoria: Getting Environmental Regulation Right*, Page XXIX, Viewed November 20th 2009 at [http://www.vceec.vic.gov.au/CA256EAF001C7B21/WebObj/EnvironmentInquiryDraftReport-FullReportVer2/\\$File/Environment%20Inquiry%20Draft%20Report%20-%20Full%20Report%20Ver2.pdf](http://www.vceec.vic.gov.au/CA256EAF001C7B21/WebObj/EnvironmentInquiryDraftReport-FullReportVer2/$File/Environment%20Inquiry%20Draft%20Report%20-%20Full%20Report%20Ver2.pdf).

⁹ Ibid at Page 43.

¹⁰ Department of Sustainability and Environment Victoria, *Ministerial guidelines for assessment of environmental effects*, Page 3, Viewed 21st November 2009 at [http://www.dse.vic.gov.au/CA256F310024B628/0/6243C40E42C9449DCA25719C001D2DF4/\\$File/DSE097_EES_FA.pdf](http://www.dse.vic.gov.au/CA256F310024B628/0/6243C40E42C9449DCA25719C001D2DF4/$File/DSE097_EES_FA.pdf).

¹¹ Ibid.

¹² Ibid 8 at Page LXVI.

¹³ Ibid 8 at Page LXXIV, Recommendation 11.3.

¹⁴ Ibid 8 at Page LXXIV.

¹⁵ *Environment Effects Act 1978 (Vic)*.

¹⁶ *Planning and Environment Act 1987 (Vic)*.

regulatory regime will be created which provides a greater level of simplicity in relation to specific regulatory outcomes and which will result in an organic improvement in the nature of reporting. The report also suggests at Recommendation 11.3, that greater definition is required in relation to reporting inputs, outputs and outcomes which will function to reduce the frequency and duplication of reporting in comparison to the current requirements under the regulatory framework.

Importantly, the report highlights the current overlap between the federal and state legislation such as that of the *Environment Protection and Biodiversity Conservation Act 1999* ('EPBC Act')¹⁷ and the *Planning and Environment Act 1987 (Vic)*¹⁸ where a referral under the EPBC Act may be triggered on a project which already has acquired local planning approval.¹⁹ The report recommends that a greater level of clarity and cohesion is needed between the State and Federal governments in order to reduce the large number of parallel objectives between both governments respectively. It highlights that multiple levels of approval significantly increase project costs through unexpected delays, increasing debt servicing obligations, a greater level of advisory costs and a postponement of revenue streams.²⁰ In this regard, multiple stakeholders asserted that such projects are often unavailable to small-to-medium sized companies because of such financial risks which effectively reduce the competitive landscape.²¹ The report suggests that this is particularly relevant when undertaking applications via EEA which was considered by some stakeholders as 'cumbersome, very time consuming and very costly'.²² In this regard, the report recommends two assessment pathways for major projects including one which restricts the scoping process to 50 business days and shifts the responsibility for releasing the environmental effects statement ('EES') from the Minister for Planning to the proponent. The second pathway allows the Minister to 'call in' a project where an EES is 'unreasonably delayed'.²³

In addition to streamlining major projects, the report further recommends a large number of improvements to the *Environment Protection Act 1970 (Vic)* ('EP Act') so that works approvals are not always required for particular projects, and certain Environment and Resource Efficiency Plans ('EREPs') are excluded. These recommendations include a redrafting of triggers to works approvals so that they are not required for premises upgrades which result in same or less environmental harm than what was approved, and a reduction in the time limit for the Environment Protection Authority ('EPA') to assess works approvals from four months to sixty days.²⁴ It also suggests that EREPs be excluded for some sites that do not derive benefits from participating in the EREP program due to a 'track record of sustain resource efficiency improvements' and because existing holders already report the majority of EREP requirements under other mandatory reporting programs. The report also recommends that the EPA adopt a more strategic based approach to works approvals by implementing risk-based methodologies and developing outcome-based conditions for works approvals.

¹⁷ *Environment Protection and Biodiversity Conservation Act 1999 (Cth)*.

¹⁸ *Planning and Environment Act 1987 (Vic)*.

¹⁹ Victorian Competition and Efficiency Commission, *A Sustainable Future for Victoria: Getting Environmental Regulation Right*, Ibid 14 at Page 47, Recommendations 8 and 9, Viewed November 20th 2009 at [http://www.vcec.vic.gov.au/CA256EAF001C7B21/WebObj/EnvironmentInquiryDraftReport-FullReportVer2/\\$File/Environment%20Inquiry%20Draft%20Report%20-%20Full%20Report%20Ver2.pdf](http://www.vcec.vic.gov.au/CA256EAF001C7B21/WebObj/EnvironmentInquiryDraftReport-FullReportVer2/$File/Environment%20Inquiry%20Draft%20Report%20-%20Full%20Report%20Ver2.pdf).

²⁰ Ibid 19 at Page 52.

²¹ Ibid 19 at Page 53.

²² Ibid 19 at Page 53.

²³ Ibid 19 at Page LXVI, Recommendation 6.1.

²⁴ Ibid 19 at Page LXIX, Recommendations 8 and 9.

The final recommendations of the report primarily relate to future regulation and the need for ecologically sustainable development (ESD) principles to be applied generally and consistently across all environmental regulation.²⁵ The report suggests that departments and agencies which have any involvement in the development and implementation of environmental regulation must publish how they intend to apply principles of ESD to their respective industry segments and clearly outline their decision-making capacities. In this regard, the report contends that any new regulatory responses must have proper regard to such principles and ensure that no inconsistencies arise between differing regulatory and non-regulatory frameworks. The report also recommends a removal of barriers to renewable energy resources and a faster response time to the assessment and approval of such projects. It also suggests that a greater level of government accountability should be adopted by requiring that the government publicly reports the status of each stage of renewable energy projects and cites any reasons which have contributed to the delay of such projects.

III. Feasibility & Analysis

While the VCEC Report has flagged a large range of recommendations which it suggests are required to improve efficiency to environmental regulation in Victoria – it has failed to rank and prioritise these recommendations in order of urgency. In this regard, it is seemingly apparent that it has allowed the Victorian Government to prioritize those aspects of the report it believes are the most critical which may not be representative of the report itself. Despite this shortcoming, the report provides a substantive overview of the Victorian environment regulatory framework which was urgently required in order to prepare Victoria for future statutory enactments and Federal environment change. Evidently, the critical balance which must be achieved in any environmental regulatory review is the economic cost challenges that environment reform will enforce on businesses in light of a regulatory framework which adequately protects the environment and ensures that it remains sustainable into the future.

Accordingly, it is contended that the report recognises that the majority of environmental challenges to business are correlated to environmental reporting and assessment processes which are substantially duplicated across differing levels of local, State and Federal governments. The large number of duplicated legislative policies is a clear burden to business and presents a large cost barrier which deters many Victorian businesses from engaging in project development. The most notable of these is the EEA which the report highlights as requiring the most substantive legislative review. In respect to the EES, the report presents in recommendations 6.1 and 6.2, a two-limb assessment pathway which provides discretion to the Minister to ‘call-in’ a project if there is ‘unreasonable delay which could seriously reduce the projects benefits’.²⁶ Evidently, the discretionary nature of such a statutory power must be balanced against political agendas on major project works in Victoria and it is contended that such a recommendation should be pushed to an independent Environmental Assessment Review Committee rather than provided to the Minister as a ‘call-in’ power. The Ministerial discretion adopted on both the Victorian Channel Deepening and Desalination Plant projects evidences the need for impartiality and a transparent assurance that EES statements are fully administered. It is also noted that the report has not considered in any real manner the Victorian bilateral agreement signed with the Federal Government on the 20th June 2009 and its affect on the proposed recommendations in the report. Evidently, the bilateral agreement

²⁵ Victorian Competition and Efficiency Commission, *A Sustainable Future for Victoria: Getting Environmental Regulation Right*, Page LXXVI, Recommendations 13 and 14, Recommendation 6.1, Viewed November 20th 2009 at [http://www.vcec.vic.gov.au/CA256EAF001C7B21/WebObj/EnvironmentInquiryDraftReport-FullReportVer2/\\$File/Environment%20Inquiry%20Draft%20Report%20-%20Full%20Report%20Ver2.pdf](http://www.vcec.vic.gov.au/CA256EAF001C7B21/WebObj/EnvironmentInquiryDraftReport-FullReportVer2/$File/Environment%20Inquiry%20Draft%20Report%20-%20Full%20Report%20Ver2.pdf).

²⁶ Ibid at Page LXVII.

will reduce the majority of Federal handling of EES's and provide the Victorian government with a greater level of control over the EES approval and review process. The lack of consideration in this regard suggests that further review of the recommendations regarding the EEA will be required.

The reports focuses on identifying measures which provide significant cost savings to business without compromising current Government objectives in respect to environment regulation which are important in light of the report's comments regarding the EP Act. Any reduction in the requisite number of works upgrade approvals if the upgrades result in the same or less environmental harm must be balanced against existing objectives. While it is accepted that such a recommendation would prove beneficial to businesses – a high efficiency benchmark for approval should be required. Furthermore, it may be more beneficial for the works upgrades to be assessed by an independent process which is less onerous than a works approval but which still ensures that appropriate regulatory mechanisms are being maintained. In this regard, it is contended that the recommendation would be more appropriately structured if it was correlated to a definitive percentage improvement level in environmental performance which would trigger a less onerous works approval licence appropriately.

Draft recommendation 9.1 contends that EREPs could be excluded for sites that have a 'track record of sustained resource efficiency improvements'.²⁷ It is argued that any system based on historic performance holds the risk that many project operators will attempt to reduce environmental costs by simply ignoring relevant procedures in some circumstances assisted by their prior performance record. It is contended that such an approach could only function if a high benchmark of historic performance was established and a continual review of operators was conducted through relevant spot checks to ensure regulatory adherence. In recommendation 9.3, the report recognises the need to develop on-line reporting points for all Victorian programs. The need for streamlining and improving environmental reporting is evinced by the reports statement that an online reporting tool was the single most requested improvement in all submissions received by VCEC in response to its draft report.²⁸ It is clear that an on-line reporting system would make it definitively easier for business to submit environmental reporting requirements and a standardisation of reporting would make the collation and aggregation of data across all multiple industry segments easier. The report suggests that the net cost of implementing such a system would be entirely outweighed by the benefits received through business efficiency savings and data aggregation. However, it is difficult to rationalise how this would improve data sharing across local, State and Federal agencies and whether this would reduce reporting requirements across all jurisdictions respectively. The report does not seem to specifically highlight this data sharing scenario which is of critical importance to reduce business costs and increase environment process timelines now, and into the future.

It was noted in the draft report that the primary reason for streamlining environment regulation is because more than forty three legislative Acts and forty nine regulations exist.²⁹ Such a comparison is a simplistic one since many sections of these acts do not encompass environmental regulation but rather relate to land use and resource limits. It is contended that

²⁷ Victorian Competition and Efficiency Commission, *A Sustainable Future for Victoria: Getting Environmental Regulation Right*, Ibid 26 at Page LXXII, Viewed November 24th 2009 at [http://www.vcec.vic.gov.au/CA256EAF001C7B21/WebObj/EnvironmentInquiryDraftReport-FullReportVer2/\\$File/Environment%20Inquiry%20Draft%20Report%20-%20Full%20Report%20Ver2.pdf](http://www.vcec.vic.gov.au/CA256EAF001C7B21/WebObj/EnvironmentInquiryDraftReport-FullReportVer2/$File/Environment%20Inquiry%20Draft%20Report%20-%20Full%20Report%20Ver2.pdf).

²⁸ Ibid 27 at Page 239.

²⁹ Ibid 27 at Page XXIX.

the complexity of environmental regulation is what has required such a broad range of statutory and non-statutory mechanisms to exist. Accordingly, the review of the current environmental regulation objectives through the institutional and interface arrangements section of the report must be in line with such a notion of complexity. Any simplification or review of such regulatory and non-regulatory mechanisms must ensure an adherence to the principles of ESD, the precautionary principle, intergenerational equity and the protection of biodiversity. In this regard, recommendation 11 attempts to simplify key environmental controls and improve the clarity of such objectives and accountabilities respectively. This will assist the correlation of environmental regulation by ensuring that each adopts objectives, outcomes and appropriate indicators relative to ESD which supports business in clarifying assessment objectives. Recommendation 11.4 supports such an aim by ensuring that any significant environment regulations introduced have an appropriate evaluation strategy and data collection plan.

The principles of future regulation in the report heavily emphasise the need for appropriate ESD in all future regulatory and non-regulatory frameworks. The introduction of a broad ranging ESD framework requires that all regulation defines the objectives of ESD and the relevant principles it involves. More importantly, the introduction of ESD should be followed by a guidance framework to ensure that there is no confusion in government agencies as to the implementation of ESD in practice and its application in decision-making – an aspect that is not specifically highlighted in the report. The introduction of sector specific ESD guidance in this regard would allow for greater consistency to the decision making process in particular environmental areas. The adoption of such a framework would ensure that ESD objectives are not applied inconsistently across differing government agencies and will ensure coherence in future decision making. Additionally, a greater level of information sharing between government agencies regarding the implementation of ESD will ensure that similar issues and concerns are dealt with faster.

The final recommendation of the report recognises the need to remove impediments to streamline the introduction of renewable energy sources. The removal of such impediments – in combination with recommendation 8.2 regarding pre-approved technologies being exempt from the works approval process – would provide an even greater incentive for entrepreneurial innovation and for business to engage in new environmentally sustainable technologies. Furthermore, the introduction of more renewable energy resources will seek to generate a greater net environmental benefit through a reduction in carbon emissions and greenhouse gases respectively. Recommendation 14 is also critically aligned with the proposed introduction of the Federal Government's *Carbon Pollution Reduction Scheme* (CPRS) which seeks to increase the costs of carbon-intensive goods and services and any recommendations which facilitate and increase the growth renewable energy resources in this regard must be encouraged.³⁰

³⁰ Victorian Competition and Efficiency Commission, *A Sustainable Future for Victoria: Getting Environmental Regulation Right*, Page 353 - 355, Viewed November 24th 2009 at [http://www.vcec.vic.gov.au/CA256EAF001C7B21/WebObj/EnvironmentInquiryDraftReport-FullReportVer2/\\$File/Environment%20Inquiry%20Draft%20Report%20-%20Full%20Report%20Ver2.pdf](http://www.vcec.vic.gov.au/CA256EAF001C7B21/WebObj/EnvironmentInquiryDraftReport-FullReportVer2/$File/Environment%20Inquiry%20Draft%20Report%20-%20Full%20Report%20Ver2.pdf).

IV. Conclusion

The VCEC report seeks to provide a definitive foundation to improving, correlating and aligning environmental regulation in Victoria. While it is clear that the report has some deficiencies outlined in Part III of this paper, it contended that the report provides a comprehensive overall review and analysis of increasingly urgency to more adequately prepare Victoria for a carbon-neutral future. The current volume of environmental regulation in Victoria adequately reflects the importance that the State places on environmental considerations in new proposed works and in upgrading existing infrastructure to adopt new environmental technologies. Evidently, the majority of improvements identified in the report relate to improving the current overlap between local, State and Federal regulatory frameworks which the report has attempted to mitigate through numerous recommendations. While these recommendations do provide for some improvement, it is contended that greater efficacy is still required in relation to data sharing between local, State and Federal government in order to increase reporting and assessment responses.

While it is evident that the clear concern for environment regulation in Victoria, Australia and the world is the increasing economic cost of implementing environmental reduction technologies and associated regulatory frameworks – it is equivalently recognised that the cost of inaction is far greater. The *Climate Change: Global Risks, Challenges & Decisions* synthesis report³¹ which will be debated in Copenhagen in December 2009 provides quantitative analysis which suggests that at the very least – the increasing rates of greenhouse gases in our atmosphere are directly affecting the globe's average temperature. It is inevitable that all countries around the world will have to implement tough new environmental regulatory policies to combat climate change. It is recognised that by Victoria undertaking a substantial review of its current environmental regulatory and non-regulatory frameworks, it is positioning itself for an iterative cost imposition on business rather than a lump sum one.

Evidently, any regulatory changes in Victoria must be combined with education and behavioural changes and community engagement about the importance of reducing carbon dependency. The report recognises this and indicates that because 'regulation can impose significant costs, it should only be used when it will provide a net community benefit'.³² In this regard, many of the report's recommendations will allow Victoria to build upon the proposed reform and reduce the severity of economic impacts on business and improve community sentiment as a result. The most definitive aspect of environmental regulation is that the first steps are to start generational change in respect of climate change and 'the only action that is inexcusable is to take no action at all'³³ – at the very least, Victoria is not.

Word Count: 3,758

³¹ International Scientific Congress, *Climate Change: Global Risks, Challenges & Decisions*, Synthesis Report, March 2009, Pg 10, Viewed November 20th 2009 at <http://climatecongress.ku.dk/pdf/synthesisreport>.

³² Victorian Competition and Efficiency Commission, *A Sustainable Future for Victoria: Getting Environmental Regulation Right*, Page 7, Viewed November 24th 2009 at [http://www.vceec.vic.gov.au/CA256EAF001C7B21/WebObj/EnvironmentInquiryDraftReport-FullReportVer2/\\$File/Environment%20Inquiry%20Draft%20Report%20-%20Full%20Report%20Ver2.pdf](http://www.vceec.vic.gov.au/CA256EAF001C7B21/WebObj/EnvironmentInquiryDraftReport-FullReportVer2/$File/Environment%20Inquiry%20Draft%20Report%20-%20Full%20Report%20Ver2.pdf).

³³ Lynch, A, *Plenary presentation*, International Scientific Congress on Climate Change, 2009. Viewed on 25th November 2009 at <http://climatecongress.ku.dk/speakers/amandalynch-plenaryspeaker-11march2009.pdf/>.

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