



# Environment Protection Authority Annual Report 2015–16



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### **Cover photos**

*Top:* EPA and Fisheries NSW officers inspect the progress of revegetation associated with the Nambucca Heads–Urunga Pacific Highway upgrade project. Photo: Craig Dunk/EPA

*Middle:* *Hey Tosser!* Campaign. Photo: Pauline Coppin/EPA

*Bottom:* Dust monitoring station in north-western NSW. Photo: Simone Cottrell/OEH

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## Letter of submission

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Mark Speakman  
Minister for the Environment and Minister for Heritage  
52 Martin Place  
SYDNEY NSW 2000

Dear Minister

I am pleased to submit the Annual Report 2015–16 for the New South Wales Environment Protection Authority.

This report was prepared in accordance with the provisions of the *Annual Reports (Statutory Bodies) Act 1984* and Annual Reports (Statutory Bodies) Regulation 2015.

This Annual Report must be presented in both Houses of Parliament within one month of receipt.

Yours sincerely

A handwritten signature in black ink, appearing to read 'B.P. Buffier', written in a cursive style.

**Barry Buffier AM**  
*Chair and CEO*  
*NSW Environment Protection Authority*

## Message from the Chair and CEO

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It is my pleasure to present the EPA's Annual Report for 2015–16.

The EPA is continuing to lead and be accountable for the Premier's Priority of keeping the NSW environment clean. We work with business, government and the community to reduce pollution and manage waste.

Major achievements of the year have included a significant reduction in the incidence of littering, getting the new risk-based licensing system up and running and proactively responding to contamination from firefighting foam at Williamtown.

NSW communities have helped us protect the environment through increased recycling, reduced waste and less litter. Over half a million households participated in our mobile Household Chemical CleanOut service, more than 7500 people registered to report littering from vehicles using the new Report to EPA mobile app and we are on target to meet the Premier's Priority target to reduce litter volume by 40% by 2020.

This year, we conducted more than 1300 risk-based licensing assessments, enabling the EPA to regulate environment protection licensees according to the risks posed by their activities. This has resulted in greater efficiency and transparency and provides an incentive for licensees to improve their environmental performance.

The EPA led the NSW Government's response to contamination from firefighting foams around the Williamtown RAAF Base. This included an extensive sampling program to estimate the extent of contamination and the establishment of an Expert Panel, chaired by NSW Chief Scientist and Engineer Professor Mary O'Kane, to provide expert advice. The EPA also provided practical support and information to the local community.

Other achievements this year included the introduction of new technology for tracking waste tyres, a successful first year as lead regulator of the NSW gas industry and mapping koala habitat to help inform forestry operations.

The EPA also released the triennial *NSW State of the Environment Report 2015*, which comprehensively assessed the trends and pressures on the environment.

### Looking forward

The EPA aims to maintain and enhance the liveability of NSW by preventing harm to the environment and human health and pursuing the following priorities from our *Strategic Plan 2016–19*:

- **Contribute to planning for the future of NSW** – This will involve engaging with the Greater Sydney Commission, Planning and Assessment Commission and NSW Planning and Environment to ensure environmental challenges are properly considered.
- **Improve air quality across NSW** – Taking the actions outlined in the 10-year Clean Air Plan will lead to health improvements for the NSW community.
- **Improve water quality in the Greater Metropolitan Area** – The EPA will work to ensure our rivers and groundwater are cleaned up and aquatic life, waterway amenity and water resources are protected.


















- **Minimise the impact of hazardous substances in our environment** – Ensuring polluters pay to clean up the environment is a priority. Decreasing the backlog of contaminated site assessments and addressing emerging environmental issues, such as microplastics in the marine environment, will also be key pursuits.
- **Reduce litter** – A new container deposit scheme by July 2017 and other initiatives will be introduced to reduce the volume of litter by 40% by 2020.
- **Manage NSW's waste** – Efforts will aim to halt the growth in per-capita waste generation and divert more waste from landfill by increasing the level of recycling.
- **Maintain key native forest values, including threatened species** – The EPA will oversee modern, effective and transparent regulation of native forestry operations on public and private land.
- **Enhance community confidence about environmental protection** – The EPA will be innovative as it continues to improve the environmental regulatory framework and make its decisions backed by scientific evidence.

I would like to thank our staff, the community and stakeholders for working with us to protect the environment of NSW.

A handwritten signature in black ink, appearing to read 'B. P. Buffier', written in a cursive style.

**Barry Buffier AM**  
*Chair and CEO*  
*NSW Environment Protection Authority*

## Our achievements in 2015–16

<p><b>624</b> <b>planning referrals</b> processed to minimise environmental impacts</p> 	<p><b>47%</b> <b>reduction</b> in backlog of contaminated sites to be assessed</p> 	<p><b>100%</b> of gas projects <b>inspected</b></p> 
<p><b>Koala habitat mapped</b></p> 	<p><b>96%</b> of designated service stations installed or upgraded Stage 1 vapour recovery equipment</p> 	<p>EPA joins initiative to make <b>Parramatta River</b> swimmable <b>by 2025</b></p> 
<p><b>Litter volume</b> <b>12%</b></p> 	<p>Work started on introducing a <b>container deposit scheme</b></p> 	<p><b>6600 tonnes</b> <b>waste diverted</b> from landfill by the Circulate Program</p> 
<p><b>BINTRIM</b> <b>reducing business waste</b> by over <b>12,000 tonnes</b></p> 	<p><b>2056 tonnes</b> household chemical waste collected</p> 	<p><b>96% increase</b> in the number of illegal dumping investigations</p> 
<p><b>99%</b> of <b>licensees</b> have plans to deal with pollution incidents</p> 	<p><b>89%</b> of <b>recommendations</b> actioned from hazardous incidents debriefs</p> 	<p><b>520,000</b> Twitter users reached</p> 
<p><b>708,000</b> people reached via Facebook page</p> 	<p><b>72%</b> of public know about the <b>HEY TOSSER!</b> campaign</p> 	<p><b>89%</b> <b>general correspondence</b> responded to within 4 weeks</p> 
<p><b>99.6% compliance</b> with environment protection licence conditions</p> 	<p><b>1328</b> risk assessments completed</p> 	<p><b>1253 people</b> attended EPA training sessions</p> 



# Our achievements in 2015–16

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## Supporting community action

- over \$38 million in grants for programs to tackle littering, waste, illegal dumping and contamination, improve air quality and encourage recycling and resource recovery
- 79 cafes, pubs and restaurants took part in a successful pilot of the *Love Food, Hate Waste* business program
- new Report to EPA mobile app led to a doubling in the number of reports of littering from cars and a 1600% increase in the number of fines from 492 in 2013–14 to 8528
- another 15 community recycling centres opened, bringing the total to 41 operational centres at the end of 2015–16. Over 100 centres and mobile services have now been funded.

## Caring for the environment

- \$1.2 million mapping project to help forestry operations protect threatened ecological communities in coastal State forests
- 44 inspections at Wollangambe River to ensure the Clarence Colliery pollution clean-up was completed effectively and the sensitive ecosystem was not further harmed
- *Environmental Guidelines: Solid waste landfills* updated to provide clear information to industry about minimum standards for environment protection
- the EPA became the lead regulator for the NSW Gas Plan, which aims to minimise adverse impacts from the gas industry
- the EPA became a 'one-stop-shop' for pesticide licensing with the transfer of licensing of urban pest controllers and fumigators from SafeWork NSW to the EPA in September 2015.

## Protecting human health

- action to address the impacts of contamination from per- and poly-fluorinated alkyl substances (PFAS) in the Williamstown area, including precautionary measures to protect public health and establishment of a program to investigate the historical legacy of PFAS use in the NSW environment
- steps taken to minimise lead exposure among children with the signing of Memorandums of Understanding by the Broken Hill Environmental Lead Program and regional agencies
- community informed about air pollution through weekly online air quality updates and a short video about air pollutants and monitoring in the Sydney Basin, which won awards at the Australian Effects and Animation Festival awards and the Footprints Eco Festival, available at [www.epa.nsw.gov.au/air](http://www.epa.nsw.gov.au/air)
- full rollout of the Dust Buster coal mines inspection program to improve rural air quality.

## Holding polluters to account

- over \$10 million in penalties imposed under EPA legislation, including penalties issued by other government agencies and local government and successful EPA prosecutions
- action on over 11,000 illegal dumping incidents reported via the new RIDOnline portal
- more than 7000 Environment Line inquiries about offensive odours, air quality, noise and other concerns addressed.

## State of the Environment Report 2015

The EPA published the latest triennial *NSW State of the Environment 2015* report in December 2015. The report provides an overview of the NSW environment, and assesses the status and condition of major environmental resources and environmental trends.

Available at: [www.epa.nsw.gov.au/soe](http://www.epa.nsw.gov.au/soe)

## Our organisation

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The NSW Environment Protection Authority (EPA) is the state's primary environmental regulator. It is an independent statutory authority that sits in the Environment portfolio as part of the Planning and Environment Cluster.

### What we do

The EPA's objectives under the *Protection of the Environment Administration Act 1991* include to protect, restore and enhance the quality of the environment in New South Wales, having regard to the need to maintain ecologically sustainable development, reduce the risks to human health and prevent degradation of the environment.

The EPA works with business, government and the community to prevent and mitigate adverse impacts on the environment in a range of areas, including:

- air, water and noise pollution
- waste and resource recovery
- contaminated land
- dangerous goods
- chemicals and hazardous materials
- pesticides
- radiation and solaria (tanning units)
- native forestry
- coal seam gas projects
- wind farms.

The EPA enforces environmental regulations by:

- issuing environment protection licences to control activities that could have an impact on the environment or human health and encourage better environmental performance
- monitoring emissions and compliance; conducting audits and investigating reports of pollution and, where necessary, imposing fines; requiring stricter operating conditions and pollution reduction programs; and/or ordering the clean-up of pollution
- prosecuting organisations and individuals who break NSW environmental laws.

The EPA also:

- works in collaboration with other government agencies to respond to and manage pollution incidents that involve hazardous materials
- develops and informs environmental programs and policy
- delivers education, awareness and grants programs
- provides financial and technical support to other government agencies and local government to improve environmental outcomes
- works with the NSW Department of Planning and Environment and other key organisations to ensure environmental issues are considered in major planning assessments
- manages and coordinates statewide programs to reduce waste and landfill.

The EPA's work is guided by the agency's Strategic Plan, which sets out priorities and key results areas (see 'Our performance'). The plan is updated each year to reflect changes in focus and emerging issues.

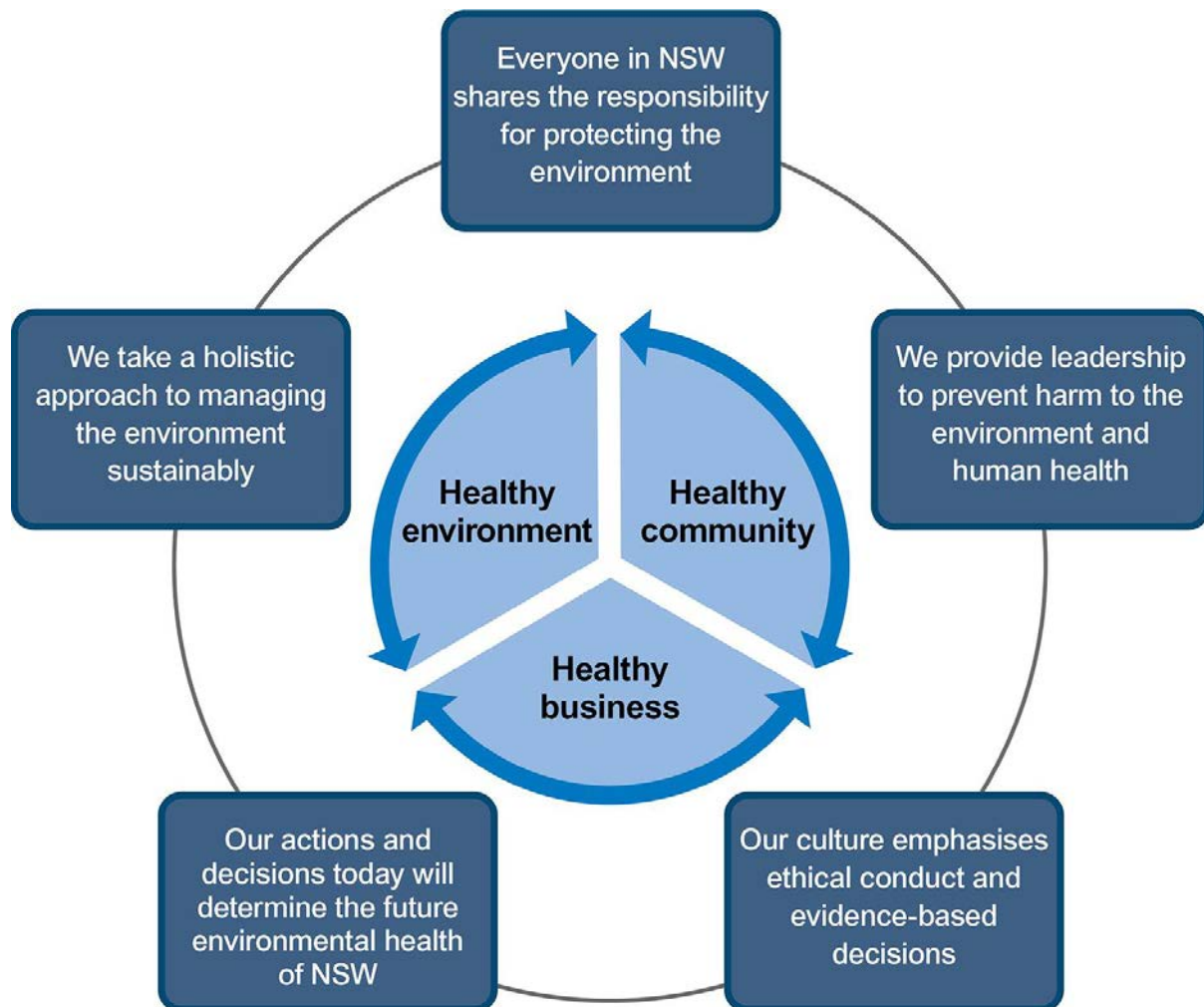
## Our vision, values and history

### EPA vision

#### ***Healthy environment, healthy community, healthy business***

Our vision is for New South Wales to have a healthy environment, healthy community and healthy business. The EPA believes healthy ecosystems are the foundation for healthy communities, a healthy economy and for enhancing liveability.

Five foundational statements help the EPA and the community of NSW to achieve this vision.



### EPA values

***Integrity ... Trust ... Service ... Accountability ... Innovation ... Transparency***

### The EPA's history

The EPA has undergone several changes since its creation in 1992, but it was our re-establishment as an independent statutory authority in February 2012 that saw the agency's role clarified and budget increased.

Since then, the EPA has implemented initiatives and policies to drive innovation, smarter work practices, and improved communication and engagement within the authority as well as with licensees and the general community.

## Where we work

The EPA head office is in Sydney and there are 13 offices throughout NSW at Albury, Armidale, Bathurst, Coffs Harbour, Dubbo, Grafton, Griffith, Kempsey, Narrabri, Newcastle, Parramatta, Queanbeyan and Wollongong. Contact details are available on the EPA website: [www.epa.nsw.gov.au](http://www.epa.nsw.gov.au). In 2015–16, EPA staff also worked from shared government offices in Port Macquarie, Taree and Wagga Wagga.

## External factors affecting the EPA

The EPA's statutory mandate provides for the protection, restoration and enhancement of environmental quality in response to current and emerging pressures on human health and the environment. Therefore, the EPA must be aware of current and future economic factors and other external developments that may affect its operations to ensure that the agency is prepared to handle increased demands on its operations and new challenges arising from lifestyle changes.

Various drivers influence the behaviour of NSW households and businesses in terms of their consumption and investment activity. These drivers can influence environmental performance, including the output of waste and the capacity of households and businesses to maintain regulatory compliance in a changing environment. The performance of the NSW economy, influenced in turn by conditions in the national and international economies, will have implications for businesses that are regulated by the EPA.

### Global economic slowdown

Internationally, economic activity in Australia's major trading partners has been easing recently. Chinese growth has moderated, with likely flow-on impacts on Asian and other developing economies that have strong trade links with that country. Chinese authorities appear to be engaging in short-term stimulatory policy settings that are expected to offset the private sector slowdown.

Economic growth in the US appears to be cooling as well. The most recent quarterly growth has come in under expectations at an annualised 1.2%. The result of the Brexit referendum has increased uncertainty about economic performance in Great Britain and Europe, with likely downside risks. Growth forecasts for major European economies have been cut.

Inflation remains subdued (below central bank targets) in most of Australia's major trading partners, indicating continued slow recovery from the 2008 global financial crisis.

### Status of the Australian economy

Despite the global indicators, the Australian economy has performed reasonably robustly, growing by 3% in 2015 and more strongly than anticipated. Current indications are that similar rates of growth are likely to continue into the future. The Commonwealth Government has forecast 2.5% growth (in real terms) in 2016–17.

The NSW economy has been one of the strongest Australian state performers recently. With the abatement of the mining boom, other states more dependent on that industry have felt the effects of reduced investment and lower export prices. The NSW gross state product is expected to rise by 3% in 2016–17, supported by low interest rates, a low Australian dollar and strong population growth, which is expected to continue to grow by 1.5% over the next two years.

## **Economic impacts on households and businesses**

Household consumption has been strong recently in NSW. This appears to have been underpinned by increased wealth associated with the housing boom. Further growth in household incomes, which have been comparatively flat, is expected and, as a result, discretionary spending on luxury items (such as electronics) as a share of household consumption is likely to increase. This will have consequences for both the amount and composition of household waste.

Private business investment has also been growing in NSW, suggesting greater business confidence. Assuming this leads to a pick-up in business activity, industrial waste and emissions are likely to face upward pressure, with potentially more sites requiring licensing. To the extent that profit margins rise, the ability to absorb compliance costs will also increase.

Export prospects are mixed. Natural gas prices fell during late 2015, but recovered during the first half of 2016 while LNG exports are expected to continue to grow. Agricultural exports are expected to decline overall in 2016–17: while some industries are forecast to do well, beef, veal and dairy are likely to experience falls in exports by value.

## **Impacts of a growing population**

Population growth, which is expected to be concentrated in particular areas and regions such as western Sydney, will result in added pressure on housing availability and public infrastructure, especially transport. The associated demand for resources (particularly water), more intensive land use and increased waste generation will all have implications for the EPA's regulatory activities. For example, if the housing market continues to boom as expected, renovation of existing dwellings will create waste requiring recycling and disposal.

The EPA will take these challenges into consideration when pursuing its aim to maintain and enhance the liveability of NSW by preventing harm to the environment and human health.



# Our performance

## NSW Government objectives

The NSW Government has set its top priorities in *NSW: Making it Happen*. The EPA has direct accountability for one of the 12 Premier's Priorities – *Keeping our environment clean* – and also contributes to other state priorities such as *Improving government services*, *Driving public sector diversity* and *Better government digital services*.

## EPA strategic plan

In 2015–16, the EPA's achievements and outcomes aligned with the EPA's Strategic Plan for 2015–18.

*EPA Strategic Plan 2015–18* defines the EPA's role and the strategies that the agency is committed to implementing to achieve environmental outcomes for NSW. The EPA's Key Result Areas are linked with the NSW Government's goals and reflect the importance of the EPA's relationship with government, business and the community.

The plan summarises:

- our vision
- our purpose
- our values
- our priorities, presented as six Key Result Areas
- the outcomes we expect to achieve
- the strategies we will use to achieve our outcomes
- the indicators we will report on to measure our performance.

To ensure its currency and relevance, the EPA Strategic Plan is updated annually with a major review conducted every three years. The major review commenced in 2016 and a new plan will be published in the 2016–17 financial year.

## Summary of operations

The following section describes the key outcomes for the six Key Result Areas identified in *EPA Strategic Plan 2015–18*.

**1** Informed planning decisions

**2** Improved environmental outcomes

**3** Innovative waste management

**4** Responsive incident management

**5** Effective stakeholder engagement

**6** Exemplar organisation

## Key Result Area 1: Informed planning decisions

### Preventing pollution through strategic planning

The EPA has worked closely with the Department of Planning and Environment to improve planning outcomes for the environment by collaborating on, and providing input to, legislative reforms, strategic plans, planning policies and guidelines, including:

- developing guidance material for applications for coal mining and critical state significant infrastructure
- reviewing key state environmental planning policies (SEPPs)
- providing input on the proposed amendments to the Exempt and Complying Development SEPP to ensure environmental issues are appropriately considered and land-use conflicts are avoided
- contributing to the development of the Draft District Plans for Sydney, including West Central, South-West, Central, North, South and West Districts – These district plans will inform implementation of the NSW Government's plan for the future of the Sydney Metropolitan Area, *A Plan for Growing Sydney*, over the next 20 years. The information provided by the EPA included key principles for protecting the environment and recommended approaches and actions to inform the development of the draft plans. The EPA continues to engage with the recently established Greater Sydney Commission in the ongoing development of the district plans.
- contributing to the development of the *Illawarra–Shoalhaven Regional Plan*, which will provide a strategic planning framework to guide growth in the region over the next 20 years, including key environmental principles and recommended approaches and actions.

### Outcomes achieved in 2015–16

- EPA assessment and approval requirements incorporated in key documents relating to:
  - the NSW Integrated Mining Policy
  - critical state significant infrastructure
- The EPA appointed as the lead agency or a partner in a number of key actions in development of the *Illawarra–Shoalhaven Regional Plan* including to:
  - develop long-term waste management capacity as the population and development of the region increases
  - protect sensitive estuaries and coastal lakes
  - implement the EPA/OEH risk-based decision-making framework to manage water quality and waterway health for Lake Illawarra and all coastal lakes and estuaries where development is planned.

### Planning referrals for development applications



The NSW planning system is an important tool for preventing and managing land-use conflicts and minimising environmental impacts.

The EPA engages in the planning process with the Department of Planning and Environment, local councils and other agencies from an early stage through involvement in strategic planning and the assessment of proposed developments. This is a simpler, cheaper and more effective approach to preventing pollution than addressing issues retrospectively after they arise.

Planning authorities refer applications to the EPA for developments that will require environment protection licences or when the EPA is the Appropriate Regulatory Authority. The EPA provides advice on environmental matters, such as air and water quality, waste

and noise, as well as on any conditions of approval that are required to minimise impacts on the environment and community.

The majority of development referrals to the EPA are processed within the timeframes requested by the determining authority.

### Outcomes achieved in 2015–16

- 624 planning referral processes conducted, up from 554 in the previous year
- 79% of referrals processed within the timeframe requested by the referral agency.

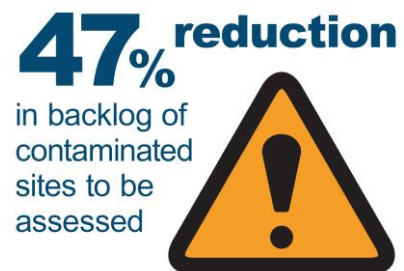
## Key Result Area 2: Improved environmental outcomes

### Assessment of notified contaminated sites

The *Contaminated Land Management Act 1997* (CLM Act) enables the EPA to declare land contaminated and order those responsible for the contamination to take investigative or corrective actions, including those prescribed by the EPA.

Over 1600 sites with potentially significant contamination have been notified to the EPA under the CLM Act. However, due to limited resources, at 1 July 2015 approximately 830 of these sites had not been allocated for action beyond an initial screening.

Since 2014, the EPA has committed to eliminating the backlog of notified sites yet to be assessed and a dedicated team of nine staff is currently working on the program.



### Outcomes achieved in 2015–16

- 390 notified sites assessed under the backlog program, representing around 47% of those identified in July 2015, with only five (1.5%) of these found to be potentially significant enough to warrant regulation under the CLM Act
- 110 of the 390 assessments were finalised and of these:
  - eight assessments (7%) concluded contamination was significant enough to warrant regulation under the CLM Act (one of these came through the backlog program)
  - the remaining assessments found that regulation under the CLM Act was not required
- 40 new sites were notified to the EPA under the CLM Act in 2015–16 and these sites have been, or will be, assessed and/or prioritised within four months of notification.

### Working with the gas industry to minimise environmental and health impacts



Over the past year, the EPA has been active as the lead regulator of the state's gas industry. This includes the regulation of conditions issued by other government agencies but excludes work health and safety matters.

The EPA's activities this year included the amendment of legislation to give the EPA statutory power to undertake its new lead role and development of an interagency Memorandum of Understanding with the Division of

Resources and Energy (in the NSW Department of Industry, Skills and Regional Development), the Department of Planning and Environment and the NSW Office of Water to clearly establish roles, responsibilities and lines of communication.

Another key project was the establishment of an inspection program to guide gas compliance inspections and investigations, sometimes resulting in the issue of regulatory orders to achieve industry compliance.

One of the key responsibilities of the lead role is to assess compliance with rehabilitation requirements for gas sites. Since 1 July 2015, the EPA has carried out 56 rehabilitation inspections across petroleum titles bought back by the NSW Government, as well as 34 inspections for rehabilitated sites within active titles.

#### Gas project inspections involving the EPA: 2015–16

General inspections	71
Rehabilitation inspections	90
Environment protection licence inspections	36
<b>Total</b>	<b>197</b>

#### Outcomes achieved in 2015–16

- Implementation of the EPA's role as lead regulator under the NSW Gas Plan and coordination with other key agencies to minimise the impacts of gas activities on the environment and human health
- EPA visits to all 10 gas projects across NSW with 197 inspections conducted.

#### Koala mapping for native forestry regulation

EPA regulation of the logging of native forestry on public and private land includes specific requirements for searching and identifying evidence of the presence of koalas ahead of active harvesting operations. However the regulations for protecting koala habitat on both public and private land are complex and costly.

Over the past three years, the EPA has spent \$373,000 of funds sourced from the Waste and Environment Levy (via the NSW Environmental Trust) to deliver several important koala mapping projects.

These projects were commissioned to improve how koala habitat is identified in native forestry areas on both public and private land and inform necessary changes to forestry licences and codes.

The program comprised three core projects:

- a baseline map of koala occupancy which provides a more accurate picture of where koalas are located across NSW and where there are gaps in our knowledge of koala occurrence
- a pilot project which trialled three different koala habitat mapping approaches and assessed their suitability for identifying and managing koalas in State Forests
- a predictive koala habitat model which used a range of environmental inputs to produce a map of predicted koala habitat on the north coast of NSW.

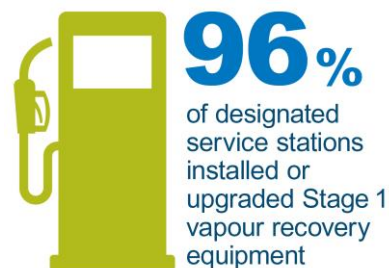
The results of these projects will be published in 2016–17 and will help with the development of appropriate safeguards for the long-term management and protection of koala habitat.

#### Outcomes achieved in 2015–16

- production of a statewide map of koala occurrence, a north coast cross-tenure predictive koala habitat map and a compiled map of core koala habitat in NSW as defined by *State Environmental Planning Policy 44*
- research into the suitability of koala habitat surveys for identifying koala habitat in State Forests
- new techniques developed for rapid koala presence/absence surveys
- increased data, to be made publicly available, on koala occurrence in northern NSW, shedding light on where important koala habitat exists in the region
- development of a credible evidence base to underpin improvements in the planning, implementation and regulation of logging in areas near or within koala habitat.

## Reducing petrol vapours at service stations

Petrol vapours emitted from service stations contain volatile organic compounds which contribute to the impacts of ground-level ozone or photochemical smog. Smog is associated with chronic health impacts, such as respiratory illnesses and asthma. Volatile organic compounds also contain air toxics, such as benzene, toluene and xylenes, some of which are carcinogenic.



Mandating the use of vapour recovery equipment at service stations reduces the emission of petrol vapours into the air. In consultation with stakeholders, the EPA has been administering a staged rollout of vapour recovery under the Protection of the Environment Operations (Clean Air) Regulation 2010. Installation requirements and deadlines vary according to the volume of petrol going through a service station, with smaller stations exempt unless they are new or 'newly modified'.

Vapour recovery control equipment required to be installed under Stage 1 of the rollout captures displaced vapours from storage tanks when tankers deliver fuel to service stations. Stage 2 equipment will capture displaced vapours at the petrol dispensers while motorists refuel.

The Stage 1 rollout of vapour recovery measures has been successful with the vast majority of service stations complying with requirements. The EPA is currently considering appropriate action for those few sites that have not met the deadlines.

### Outcomes achieved in 2015–16

- 95% of the 1129 service stations required to install or upgrade Stage 1 vapour recovery equipment had done so by 30 June 2016.
- 10 large service stations in the greater metropolitan area have installed both Stage 1 and Stage 2 vapour recovery control equipment
- 40% of the 265 existing medium-to-large service stations in the Sydney Metropolitan Area required to install Stage 2 vapour recovery equipment by 1 January 2017 had complied by 30 June 2016.

## Leading safe air quality standards

The latest scientific evidence suggests that exposure to any level of airborne particles can be detrimental to human health. The most compelling epidemiological evidence and the greatest health costs are associated with exposure to fine particulate matter (PM<sub>2.5</sub>), those particles less than 2.5 microns (µm) in diameter.

Particles are emitted directly by sources that include diesel engines, industry, woodfired heaters and natural events, such as bushfires and dust storms, and also form in the atmosphere from other pollutants.

Between 2012 and late 2015, the EPA led a review of the *National Environment Protection (Ambient Air Quality) Measure*. This comprehensive three-year program considered the scientific evidence and the costs and benefits of adopting new national health-based particle standards for PM<sub>2.5</sub> and PM<sub>10</sub> (particles less than 10 µm in diameter, including PM<sub>2.5</sub>).

Following extensive national consultation, in December 2015 Environment Ministers across the nation agreed to vary the *National Environment Protection (Ambient Air Quality) Measure* to:

- adopt, as reporting standards, the advisory standards for annual-average and 24-hour PM<sub>2.5</sub> particles of 8 micrograms per cubic metre (µg/m<sup>3</sup>) and 25 µg/m<sup>3</sup> respectively
- include an annual-average PM<sub>10</sub> standard of 25 µg/m<sup>3</sup>



- aim to move to annual-average and 24-hour standards for PM<sub>2.5</sub> of 7 µg/m<sup>3</sup> and 20 µg/m<sup>3</sup> respectively by 2025
- initiate a nationally consistent approach to reporting population exposure to very fine particles (PM<sub>2.5</sub>)
- replace the five-day exceedance form of the PM<sub>10</sub> standard with an exceptional event rule, which also applies to the new 24-hour PM<sub>2.5</sub> standard.

#### Outcome achieved in 2015–16

- Following the review led by the EPA, the new national standards adopted for PM<sub>2.5</sub> are more protective of health than World Health Organization Guidelines and currently the most stringent in the world.

#### EPA joins *Our Living River* initiative

A legacy of pollution from many industrial sites along the Parramatta River and decades of poor water management have rendered the Parramatta River west of Cabarita unswimmable for many decades.

A clean and healthy Parramatta River with greater biodiversity and better water quality would be a place where people, fish and other animals can thrive. The *Our Living River* initiative aims to help make the whole river swimmable again by 2025.



*Our Living River* was established by the Parramatta River Catchment Group in 2014, with an alliance of 13 local councils, three NSW Government agencies and several community groups spearheading the initiative.

The EPA joined the initiative in February 2016 and its role will include helping develop compliance, monitoring and reporting systems that will improve the river's water quality, working collaboratively to reduce the impact of litter and pollutants, and providing technical advice.

#### Outcome achieved in 2015–16

- The EPA signed a Statement of Joint Intent and committed to lead the development of compliance and regulatory programs to improve water quality in the Parramatta River.

### Key Result Area 3: Innovative waste management

#### Reducing litter in NSW

Reducing the volume of litter in NSW by 40% by 2020 is one of the 12 Premier's Priorities announced in 2015–16.

The EPA is employing five key elements working in harmony to bring about effective litter reduction:

**1. Systems rewarding responsible behaviour:** The NSW Government announced in May 2015 that it would introduce a Container Deposit Scheme in NSW by July 2017, providing a 10 cent refund to anyone who returns eligible drink containers to collection points. Drink containers make up 44% of NSW litter volume.

**2. Education and awareness:** In 2015–16, the EPA launched the latest phase of its *Hey Tosser!* litter campaign. For the first time the message to 'put it in the bin' was seen at train stations, bus interchanges and ferry wharves. The campaign will continue in 2016–17.

**3. Good infrastructure and clean-up:** The EPA provided \$2.8 million to local councils to roll out regional litter programs that target litter hot spots and improve infrastructure and announced a further \$756,417 in community grants through Keep NSW Beautiful.

**4. Better enforcement of litter laws:** This was the first full year of operation for the expanded Report to EPA system for community reporting of littering from vehicles. Council Litter Prevention Grants are another means of improving enforcement, as grant recipients are required to incorporate litter law enforcement in their projects.

**5. Monitoring and evaluation:** The EPA expanded its Local Litter Check tool to help councils and community groups estimate the volume of litter on-the-ground as well as counting the number of littered items. The EPA also conducted its annual research into littering knowledge, behaviour and attitudes, as well as studies on litter in Sydney Harbour, cigarette littering in key hot spots and the costs of litter in NSW.

#### Outcomes achieved in 2015–16

- 12% reduction in the litter volume in NSW, as measured by the National Litter Index, which is above the national average reduction of 9%
- The volume of littered items across NSW decreased by 19% since the baseline year of 2013–14, which is almost halfway to the Premier's Priority target of a 40% litter volume reduction by 2020.
- The number of litter pieces fell by 4%.
- Over 7500 people registered to report littering from vehicles under the Report to EPA system, resulting in more than 12,000 reports and the EPA issuing 8528 fines based on these reports. Prior to the new system being introduced, the EPA received 6360 reports in 2013–14 and issued 492 fines.



#### Working towards drink bottle refunds

On 8 May 2016, the Premier and the Minister for the Environment announced that NSW will implement a 10 cent refund Container Deposit Scheme from 1 July 2017.

The scheme will apply to most drink containers between 150 millilitres and three litres in size. Drink containers make up 44% by volume of NSW litter, so this is expected to significantly reduce litter across the state.

Announcement of the scheme was the result of extensive work by the EPA, with a dedicated team establishing and managing an advisory committee, along with six working groups to assist in designing the scheme.

Following the Government's release of a comprehensive discussion paper in December 2015 which outlined the proposed scheme together with an industry-proposed alternative, the EPA ran six regional stakeholder consultation forums across the state. This process resulted in the EPA receiving over 11,700 responses.

In 2016–17, the EPA will undertake further public consultation on the development of a regulatory framework for the Container Deposit Scheme.

#### Diverting waste from landfill

The EPA funds a number of projects that enable councils, communities and businesses to meet the *NSW Waste Avoidance and Resource Recovery Strategy 2014–21* target to increase the amount of waste diverted from landfill from 63% (in 2010–11) to 75%.

#### Better Waste and Recycling Fund

The Better Waste and Recycling Fund supports local council projects that improve recycling and resource recovery, reduce waste generation and increase community engagement around waste issues. In 2015–16, the fund distributed \$17.2 million to 81 organisations. Approximately 40% of these funds was allocated to projects that diverted waste from landfill, including expansion of recycling in public places, better community education, and electronic waste and mattress recycling programs.

## Circulate Industrial Ecology Grants Program

**6600 tonnes waste diverted from landfill by the Circulate Program**



‘Circulate’ is a four-year, \$4.2-million program designed to support business networks across NSW. Grant recipients develop synergies with similar industries to identify waste reuse and recycling projects which increase efficiency and save money by reducing the waste sent to landfill.

Round 2 funding of \$973,757 was awarded to seven industrial ecology projects. \$448,533 of this was paid in 2015–16.

Projects focused on increasing the reuse of a wide variety of materials, including timber pallets and offcuts, organics, plastics, packaging and demolition building waste. Projects funded in the first two grant rounds are expected to divert up to 86,900 tonnes from landfill.

The EPA is working closely with grant recipients to ensure learning from projects is shared across industry. By promoting the uptake of industrial ecology projects, the EPA is helping to move NSW toward a circular economy.

### Outcomes achieved in 2015–16

- 40% of grants by Better Waste and Recycling Fund allocated to waste diversion projects by local councils
- Circulate projects diverted at least 6600 tonnes of waste from landfill.

### Working with businesses to reduce waste and increase recycling

The Bin Trim Business Grants Program funds experts to carry out free waste assessments of the operations of small and medium-sized businesses. Bin Trim assessors produce tailored action plans and provide support to businesses to reduce waste and increase recycling. The assessors enter data into an online Bin Trim tool, which allows the EPA to monitor progress towards the waste reduction targets in *NSW Waste Avoidance and Resource Recovery Strategy 2014–21*.



**reducing business waste by over 12,000 tonnes**

The complementary Bin Trim Rebates Program provides small and medium-sized businesses with rebates covering up to 50% of the cost of small-scale onsite recycling equipment. Rebates of between \$1000 and \$50,000 are available for businesses that have completed a Bin Trim assessment.

### Outcomes achieved in 2015–16

- Under Round 2 of the Bin Trim Business Grants Program, 27 organisations were awarded a total of \$3,452,613 to undertake waste assessments for 12,000 small and medium-sized businesses in NSW.
- 9376 small and medium businesses registered as Bin Trim participants with 4721 of them completing the program to date and together reducing their general waste by 12,376 tonnes and increasing recycling by 8834 tonnes.
- 40 organisations awarded rebates totalling \$595,597.91 for small-scale onsite recycling equipment.

### Increase in the amount of problem wastes collected

A wide range of potentially harmful products used in households cannot be disposed of in kerbside bins. ‘Problem’ wastes include leftover or unwanted cleaners, paints, pool and garden products and hobby chemicals.

The EPA provides two essential services for households to drop off their unwanted chemicals and other hazardous wastes for safe disposal or recycling.

Since its inception in 2003, the mobile Household Chemical CleanOut service has facilitated the collection and processing of over 13,000 tonnes of household problem wastes from 641 collection events with more than half a million households participating.

Over the years, these events have realised an average annual growth rate of over 10% in both household attendance and materials collected.

To accommodate this growth, the EPA is establishing fixed community recycling centres (CRCs) across NSW that will be accessible to householders year round to dispose of their low-toxic problem wastes. These wastes include paints, oils, gas bottles, batteries, fluorescent lights/globes and smoke detectors.



### Outcomes achieved in 2015–16

- a further 15 CRCs commenced operations, providing households with a year-round solution for managing their problem wastes.
- 10 grants were awarded to establish new CRCs.
- CRCs collected 586 tonnes of problem wastes.
- a record 2056 tonnes of chemicals were collected by the Household Chemical CleanOut from 51,344 residents who used the service.

### Investigating and preventing illegal dumping

Illegal dumping has many adverse effects which the EPA is trying to combat. These include:

- undercutting the legitimate waste industry
- avoidance in paying the waste levy
- harm to the environment and human health
- costs associated with clean-up.



Funded through the *Waste Less, Recycle More* initiative, a dedicated team is tackling illegal dumping as part of the *NSW Illegal Dumping Strategy 2014–16*. Recognising that an integrated approach is required, the team has been working to develop partnerships, educate others, collect evidence and undertake strategic enforcement.

The EPA is gathering data through new systems and powers including:

- WasteLocate, which tracks asbestos waste and tyres
- WaRRP reporting by licensed waste facilities
- GPS tracking to monitor vehicles involved in unlawful activities
- the RIDOnline reporting system for illegal dumping
- using social research to gain an understanding of illegal dumping behaviour and motivation which, when combined with comprehensive data from its systems, will allow the EPA to better target the actions it takes.

The EPA has also helped set up new community recycling centres for waste disposal and recycling to deter people who might otherwise resort to dumping.

The waste sector attracts opportunistic illegal dumpers and organised networks of unlawful waste operators. Because illegal dumping is by its nature clandestine and difficult to detect, strong and responsive compliance and enforcement is often vital.



## Outcomes achieved in 2015–16

- 96% increase in the number of illegal dumping investigations compared with 2014–15.
- Development of the RIDOnline reporting portal enabling incidents to be easily reported by both the general public and land managers. To date, 186 organisations that manage public land have registered with RIDOnline and over 11,000 incidents have been reported, providing more accurate baseline data for monitoring future trends.
- Two more Regional Illegal Dumping Squads established, bringing the total to five which cover 41 local government areas.
- Three grant programs to help clean up and prevent illegal dumping rolled out with a total of \$3,242,196 paid to grantees.

## Key Result Area 4: Responsive incident management

### Minimising and controlling pollution risks



All environment protection licensees are required to prepare and maintain pollution incident response management plans (PIRMPs). These plans aim to minimise and control risks in the event of a pollution incident, while ensuring comprehensive and timely communication with affected communities and government stakeholders.

The EPA monitors compliance with statutory requirements for these plans through annual reporting by licensees, environmental risk assessments and by conducting broader regulatory activities, such as compliance campaigns, audits, site inspections and investigations of complaints and environmental incidents. The EPA has generally found compliance rates for having a plan in place are very high; moderately high for the required 12-monthly testing of PIRMPs; and moderate for including all of the details specified in the legislative requirements.

In 2015–16, the EPA evaluated activities and issues and developed a series of actions to improve compliance. These will be progressed in 2016–17 and included:

- enhancing existing compliance activities
- developing improved guidance and support material for licensees
- improving compliance monitoring capabilities.

Notable specific compliance activities during the year included:

- a campaign focused on licensing administrative requirements (including PIRMPs) for 134 environment protection licensees in the Central West of NSW
- completion of 1328 environmental risk assessments as part of risk-based licensing – the assessment of impacts from incidents in the risk assessment included questions confirming that licensees had a current PIRMP, that it had been tested and that it addressed potential incidents associated with hazardous materials or dangerous goods onsite.

## Outcomes achieved in 2015–16

- 99% of entities conducting licensed activities had pollution incident response management plans in place at 30 June 2016 (compared with 95% in 2015 and 89% in 2014)
- improved business preparedness for environmental incidents
- increased community confidence in the EPA's response to incidents
- timely communication with emergency services and partner agencies during incidents.



## Responding to the impact of contamination from firefighting foams

In August 2015, the Department of Defence advised the EPA that contamination from per- and poly-fluorinated alkyl substances (PFASs) used in firefighting foams had migrated off the Williamtown RAAF Base into the nearby community and was present in surface water, groundwater and biota.

The EPA is committed to taking rapid precautionary action to avert potential harm from emerging environmental issues. In response to concerns about the impacts of PFASs on the local environment, industry and human health, the NSW Government has undertaken a range of actions. As lead agency on this issue, the EPA:

- organised and contributed to an extensive sampling program of groundwater, surface water and local fisheries (fish, prawns and oysters)
- funded the purchase of testing equipment to process samples of water, soil and biota for evidence of PFASs
- established an Expert Panel chaired by Professor Mary O’Kane, the NSW Chief Scientist and Engineer, to provide expert advice on the contamination issue
- established the Williamtown Elected Representatives and Community Reference Groups to ensure the local community has regular access to information, expert advice and NSW Government officials
- provided health and social support resources in the area to residents affected by the contamination
- commenced connecting town water to houses in the investigation area that did not have access to this
- provided a community liaison officer to assist affected residents and businesses
- worked with the Commonwealth to assist in implementing recommendations made by the Senate following its review into the contamination of federal sites from firefighting foams
- provided information to Mark Taylor, Professor of Environmental Science at Macquarie University, as part of his review of past management of Williamtown RAAF Base contamination and the EPA’s management of contaminated land
- established a statewide investigation program to better understand the extent of PFAS use and contamination in NSW
- commenced work with NSW industry to phase out PFAS-containing firefighting foams where alternatives are available.

## Improving hazardous incident management through debriefs

The EPA has an incident management system (IMS) for environmental incidents. This aims to provide support, analysis and investigation to minimise environmental harm from incidents and facilitate environmental restoration and clean-up by the responsible parties.

Under the IMS, debriefs are held after selected incidents to identify key lessons and provide opportunities for continuous improvement in how to respond to these situations.

Since the IMS was implemented in 2012, there have been 234 recommendations from a total of 45 debriefs. Of these, 227 (97%) have been acted upon and 212 (91%) fully implemented across a range of areas to ensure responsive and effective incident management across NSW.



## Outcomes achieved in 2015–16

- Five formal debriefs held, resulting in 19 recommendations to improve operations, 89% of which have been acted upon.

## Key Result Area 5: Effective stakeholder engagement

### Stakeholder engagement continues to grow

The EPA is committed to improving its engagement with stakeholders. Building strong relationships and delivering timely and accurate information to the community and stakeholders are considered vital.

The EPA communicates with stakeholders through media releases, providing information directly to journalists, media interviews, community meetings and social media.

Creation of an EPA Twitter account has provided the agency with an avenue to reach the community quickly, especially during incidents when they need it the most.

**520,000**  
Twitter  
users  
reached



The EPA believes everyone shares the responsibility for protecting the environment in NSW and so involves the community wherever possible. In 2015–16, EPA officers attended a wide variety of community meetings across the state from issues-based information sessions to community reference groups. In the coming year, the EPA plans to appoint more local community engagement officers in regional areas to grow this capacity.

### Outcomes achieved in 2015–16

- over 600 requests for information and interviews from journalists responded to
- more than 250 media releases issued
- EPA tweets reach 520,000 Twitter users
- the EPA was represented at over 200 community meetings.

### Audience research for website redevelopment

As part of the initiative to improve effective stakeholder engagement, the EPA commissioned internet consultant U1 to research the key reasons why people visit its website and how the EPA could improve the arrangement of its online information to better meet users' needs.

The findings from this research will inform the design of a new EPA website and help increase usage and engagement.

### Outcomes achieved in 2015–16

- 1025 people completed a short survey on their reasons for visiting the EPA website
- 48 people went on to complete a detailed survey testing where they would expect to find the most frequently searched-for information.

### Community engagement to reduce food waste

**708,000**  
people  
reached via  
Facebook  
page



*Love Food, Hate Waste* is the NSW Government's education platform on avoiding food waste. It provides grant funding to local government and community organisations to help them deliver education projects to reduce food waste. Through a website, Facebook page and community engagement, *Love Food, Hate Waste* provides tips, advice and practical resources to help households and business waste less food.

Community engagement activities resulted in:

- 120,252 page views of the *Love Food, Hate Waste* website during the full financial year
- a Facebook page attracting 1360 fans and reaching 708,274 people since its November 2015 launch
- 644,681 people reached in the June 2016 Leftovers Campaign.

## Outcomes achieved in 2015–16

- \$324,310 in grant funding awarded to 10 education projects
- *Love Food, Hate Waste* tracking survey completed, showing 68% of NSW households adopting five or more techniques to avoid food waste (up from 61% in 2012)
- pilot of a new *Love Food, Hate Waste* business program with 79 cafes, pubs and restaurants taking part and plans for a statewide rollout in 2016–17.

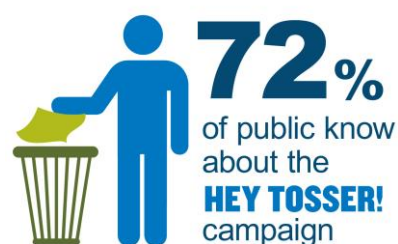
## Improving awareness of the EPA's litter reduction messages

The EPA is working to combat the 25,000 tonnes of litter dropped in NSW every year through significant investment in anti-litter efforts.

The latest call to action for NSW citizens has been a renewed advertising campaign with the *Hey Tosser!* message broadcast on TV and radio across NSW.

## Outcomes achieved in 2015–16

- Following Phase 3 rollout of *Hey Tosser!* in March–April 2016, research found that 72% of the NSW population recalled seeing at least one campaign ad.
- Nearly 100% of local councils participated in the EPA litter grants schemes. The EPA funds councils to develop regional litter plans and held workshops around the state to assist. Funding of councils to deliver litter prevention projects in their regions will continue in 2016–17.
- A key community program that encourages the community to report littering from cars gained traction with a 95% increase in the number of reports made using the Report to EPA mobile app and a 1600% increase in the number of fines issued as a result.



## Improving response times for correspondence received

The EPA responds to correspondence on behalf of the Government and the Minister for the Environment.

Parliamentary correspondence includes input to responses from Members of Parliament and responses to questions asked in the House. The majority of questions asked in the reporting period covered issues such as waste and recycling and air and noise pollution.



General correspondence includes responses sent to the head of the EPA from members of the public.

The public has a reasonable expectation that their questions and comments will be addressed as quickly as possible and that the service they receive from Ministers and government agencies are consistent and of high quality. Where a complete response is not possible in the required timeframe, the EPA acknowledges the correspondence in the interim.

## Outcomes achieved in 2015–16

- 76% of Parliamentary responses were sent within two weeks of the receipt of correspondence. This is lower than the 85% target, due to the complexity of a number of key issues.
- 89% of general responses were sent within four weeks of receipt, which is close to the target of 90%.

## Key Result Area 6: Exemplar organisation

### Taking effective regulatory action to prevent and minimise environmental impacts

The EPA is responsible for regulating a diverse range of activities, including those scheduled under the *Protection of the Environment Operations Act 1997*, as well as native forestry, gas activities, contaminated sites, dangerous goods, hazardous materials, radiation and pesticides. In the case of scheduled activities, the EPA issues environment protection licences that impose conditions aimed at preventing or minimising environmental impacts and requires licensees to report compliance with those conditions on an annual basis.

**99.6%**   
**compliance**  
 with environment  
 protection licence  
 conditions

For the range of activities it regulates, the EPA aims to take a modern and effective approach that involves exercising its statutory authority fairly and credibly. By taking strong and appropriate regulatory action in line with its *Compliance Policy*, the EPA can effectively raise environmental awareness, encourage behavioural change and maintain high levels of regulatory compliance.

As part of an escalating response to environmental issues and non-compliances, the EPA has issued statutory notices and penalty notices, imposed or agreed to environmental programs and prosecuted offenders for serious breaches. In 2015–16, EPA officers issued 2223 statutory notices (a 9% increase on 2014–15) for a variety of purposes, including to:

- conduct compliance audits or require audits to be conducted by a third party
- require the provision of answers, information or records
- permit, prohibit or prevent certain activities
- require action, improvement or remediation
- issue, refuse or vary environment protection licences
- enter into enforceable undertakings.

Additionally, in 2015–16 the EPA:

- conducted 1753 inspections (a 16% decrease on 2014–15)
- issued 222 penalty notices (a 14% increase on 2014–15)
- imposed or agreed to 173 environmental programs, including 115 pollution reduction programs
- completed 40 prosecutions with a 95% conviction rate (a decrease from the 80 prosecutions with a 100% conviction rate in 2014–15).

#### Outcomes achieved in 2015–16

- 99.6% of environment protection licences complied with, continuing the high levels of compliance over the past five years.
- Water, air, land and local communities protected from harmful pollution
- Impacts on the community from offensive noise, odour and dust minimised
- Risks from hazardous sources, including radiation, pesticides and chemicals, reduced.

#### Risk-based licensing gets underway

The EPA's risk-based licensing system commenced on 1 July 2015. Risk-based licensing allows the EPA to better target regulatory effort towards high-risk and poorly performing licensees and provides the community and industry with important new information about the environmental performance of environment protection licensees.

The risk-based licensing system enhances the EPA's reputation for credible regulation through:

- transparent and collaborative assessment of environmental risk with licensees
- reduced regulatory burden for lower risk activities and good environmental performers
- providing new incentives for licensees to improve their environmental performance through changes to licence administrative fees (from 1 July 2016).



#### Outcomes achieved in 2015–16

- Risk assessments completed at 1328 licensed premises in addition to the 598 assessments done in 2014–15, including assessment of the site-specific risks to identify any environmental issues that licensees need to address
- An overall environmental risk level determined for 1431 licensed premises, based on the outcomes of each licensee's risk assessment and consideration of their environmental management performance. The overall environmental risk levels were published on the EPA's POEO Public Register.

#### Designing and delivering operational and technical training to EPA staff



The EPA Training Unit plays a critical role in maintaining the agency's reputation as an exemplar organisation by designing and delivering operational and technical training to EPA staff. This training develops the capabilities of EPA officers in areas directly relevant to their work, enabling credible regulation and environmental improvements.

The EPA and its Training Unit also lead the national training program for environmental regulators delivered through the Australasian Environmental Law Enforcement and Regulators (AELERT) Professional Development and Training Program. Through this program, the EPA has established an outstanding national reputation for delivering high-quality role-specific training.

#### Outcomes achieved in 2015–16

- The EPA Training Unit offered 30 different courses and ran 102 training sessions for 1253 people. This included about 986 days of training for 650 EPA staff.



# Our people

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## EPA Board

The EPA Board, established under section 15 of the *Protection of the Environment Administration Act 1991* (POEA Act), is an independent, expertise-based governing body that oversees and monitors the EPA.

The EPA Board has five members – the Chair and CEO and four part-time members – appointed by the Governor of NSW on the recommendation of the Minister for the Environment. The current EPA Board members have the expertise required of them in the Act, including extensive experience in the fields of environmental science, environmental law, business, and corporate financial, risk planning and management. Members also have established ties to, and understanding of, business and community groups.

## Board members, their skills and experience



**EPA Board members (left–right): Chris Knoblanche AM, Christine Covington, Barry Buffier AM, Julie Savet Ward, Alec Brennan AM**

### **Barry Buffier AM: Chair and CEO**

Barry Buffier has had significant senior executive and board experience in the public and private sectors. This has included roles as Director-General, Department of Primary Industries; Director-General, State and Regional Development; and National Manager, Agribusiness at Westpac.

Mr Buffier has a Bachelor of Rural Science (Honours) degree and a Master of Economics and is also a Churchill Fellow and Fellow of the Australian Institute of Company Directors.

Mr Buffier was announced as a member in the general division of the Order of Australia (AM) in the Queen's Birthday Honours in June 2015 for significant service to public administration through senior roles in the environment protection, primary industry and state development sectors.

### **Responsibilities**

Under Section 19 of the POEA Act, the Chair is charged with the responsibility of managing and controlling the affairs of the EPA in accordance with the policies determined by the

Board and any other decisions of the Board, subject to any directions by the Minister under the POEA Act. The Chair is also the presiding member of the Board.

### **Alec Brennan AM**

Alec Brennan brings to the EPA Board 40 years' experience in business across a range of industries, including manufacturing, resources and distribution. He has been a public company director for more than 20 years and is a Fellow of the Australian Institute of Company Directors.

Mr Brennan is a director of several private companies. He is Deputy Chancellor at the University of Sydney and chairs the Senate Finance and Audit Committee. Mr Brennan is also involved in a number of other not-for-profit activities, including as Chair of the Sydney Institute of Marine Science Foundation. Mr Brennan's extensive business experience covers such areas as strategy, process management, governance, and finance and risk management. Mr Brennan also sits on the EPA Finance, Audit and Risk Committee.

Mr Brennan has a BSc (Food Technology) (Honours) from UNSW and an MBA (Distinction), from City University, London. He was appointed a Member of the Order of Australia (AM) in 2013 for significant service to business and commerce, tertiary education administration and the community.

### **Christine Covington**

Christine Covington is a solicitor of the Supreme Court of NSW with over 30 years' experience in environmental, planning and property law. She is a partner at law firm Corrs Chambers Westgarth and has worked widely with local government and on community engagements. Ms Covington also has extensive experience in the NSW Land and Environment Court and the Supreme Court in planning appeals and environmental prosecutions.

Ms Covington has served as a NSW Government appointee to the Central Sydney Planning Committee and is a board member of Barangaroo Delivery Authority and affordable housing provider, City West Housing Pty Ltd. She is a Fellow of the Australian Institute of Company Directors.

### **Chris Knoblanche AM**

Chris Knoblanche is a company director on various boards. He was previously CEO/Head of Citigroup, Corporate and Investment Banking, Australia and New Zealand. Mr Knoblanche has been advising local and multinational companies for over 35 years in areas such as corporate strategy, financing, risk control and management.

Mr Knoblanche has held key board positions and in 2001 was awarded the Centenary Medal by the Australian Government for service to Australian society through business and the arts. Mr Knoblanche chairs the EPA Finance, Audit and Risk Committee.

He holds a Bachelor of Commerce (Accounting and Financial Management) and is a Member of the Institute of Chartered Accountants and a Fellow of the Australian Society of Certified Practising Accountants. In June 2014, Mr Knoblanche was honoured as a member in the general division of the Order of Australia (AM) for significant service to arts administration, the community and the business and finance sector.

### **Julie Savet Ward**

Julie Savet Ward has over 30 years' experience in science, planning and the environment. She has expertise in environmental and sustainability regulation and a deep understanding of the planning, approval, design, construction and management of infrastructure, property and natural resource projects.

Ms Savet Ward is also skilled in brokering and managing relationships between government and the community. She is an experienced director and currently chairs or is a director of four boards.

Ms Savet Ward has a Bachelor of Science (Applied Physical Geography) (Honours) and a Master of Landscape Planning and is a Fellow of the Australian Institute of Company Directors.

## EPA executive team

The chart shows the EPA's executive structure in 2015–16 prior to full implementation of a revised structure to accord with the *Government Sector Employment Act 2013*.



### EPA Chair and CEO: Barry Buffier AM

Barry Buffier has had significant senior executive and board experience in the public and private sectors, including roles as Director-General, Department of Primary Industries; Director-General, State and Regional Development; and National Manager, Agribusiness at Westpac. See EPA Board for Mr Buffier's full biography.

### Chief Environmental Regulator: Mark Gifford PSM

Mark Gifford has over 30 years of experience in government, 18 of which have been in environment-related agencies. He oversees the EPA's regulatory policies, practices and outcomes, particularly in regard to environmental impacts from major industrial activities, including air and water quality, noise and the regulation of gas and forestry activities.

Mr Gifford has made significant improvements in areas such as environment protection licensing and legislation. He led the government's reforms to the *Protection of the Environment Operations Act 1997* to improve industry performance and public reporting, as well as the update and modernising of the EPA. He oversees the EPA's current forestry reforms and the EPA responsibilities under the *NSW Gas Plan*.

Mr Gifford has significant experience in national regulatory harmonisation, including the continuous review of the EPA's regulatory approach and significant reforms to ensure effective, efficient and credible regulation.

Mr Gifford has a Bachelor of Business (Public Administration) and is Vice-Chair of the Australasian Environmental Law Enforcement and Regulators Network. He was awarded a Public Service Medal for services to environment protection in June 2015.

### **Director, Waste and Resource Recovery: Stephen Beaman**

Stephen Beaman coordinates and drives the delivery of NSW waste policy and programs. He has extensive experience in policy development and implementing innovative regulatory and reform programs. Mr Beaman has worked with the EPA since 1995 in a number of key roles, including Director, Executive Services; Manager, Waste Operations; and Manager, Forestry.

Mr Beaman has 20 years' experience in environmental policy and regulation within the NSW Government, including more than nine years at the senior executive level. His scope of work and knowledge spans a range of policy and program areas, including natural resources management, environmental planning and regulation, resource recovery and community programs.

Mr Beaman is responsible for developing and leading Australia's largest waste and resource recovery initiative, *Waste Less, Recycle More*, with an investment of \$465.7 million over five years in infrastructure, policy, education and enforcement programs designed to incentivise recycling, support local government waste initiatives, and address litter and illegal dumping.

### **Director, Hazardous Incidents and Environmental Health: Craig Lamberton**

Craig Lamberton has some 30 years of practical experience in risk assessment and resolving challenging problems associated with chemicals, radiation and hazardous materials in occupational, public health and environmental contexts.

Prior to his Executive role, Mr Lamberton was employed in other positions with the EPA involving direct engagement with the community and industry and delivering workable solutions to pollution control problems and hazardous materials incidents.

Mr Lamberton has a degree in Pure and Applied Chemistry (Honours 1) and masters in Safety Science and Environmental Toxicology. He has a number of specialised qualifications in management, occupational hygiene and radiation protection. He is a full professional member of the Australian Institute of Occupational Hygienists and the Australian Radiation Protection Society.

Mr Lamberton finished at the EPA in July 2016.

### **Director, Stakeholder Engagement and Governance: Sylvia Bell**

Sylvia Bell commenced with the EPA in November 2012. She has extensive experience across a range of portfolios in government and private sectors. Prior to working at the EPA, Ms Bell was Director, Communication and Stakeholder Engagement at the Bureau of Health Information. Before that, Ms Bell was with CSIRO for five years where she managed communications for a number of flagship research programs.

Ms Bell's formal qualifications include a Bachelor of Science, a Masters degree in Communication and a Diploma from the Australian Institute of Company Directors. She also holds Fellowships with the Australian Institute of Management and the Public Relations Institute of Australia.

Ms Bell finished at the EPA in March 2016.

### **Director, Government Sector Employment Compliance Project: Giselle Howard**

Giselle Howard has worked in natural resource and environmental areas for 25 years. Prior to joining the EPA in 2003 she held middle and senior management positions in other NSW Government agencies.

Ms Howard headed the Government Sector Employment Compliance Project throughout the reporting period, away from her substantive role as Director, Metropolitan.

At the EPA, Ms Howard has also led regional teams delivering operational work for air, water, noise and chemical pollution, threatened species, Aboriginal cultural heritage,

community engagement, catchment management, environmental education and groundwater and surface water environmental management. Ms Howard's work has been largely focused in metropolitan areas, working extensively with industry groups and community organisations to find sound environmental solutions among strongly competing demands.

Ms Howard holds a Bachelor of Science in Ecology with first class honours from the University of NSW.

### **Acting Director, Metropolitan: Greg Sheehy**

Greg Sheehy has worked in the environmental regulation and water catchment protection fields for over 25 years and has held several senior management positions in these areas.

Over the past year he has led the Metropolitan Branch, delivering a range of operational activities addressing air, water, noise, chemical and land pollution and community engagement across the Illawarra and Sydney Metropolitan Areas. He previously managed teams that regulate a range of industrial, local government and pesticide-related activities across Sydney.

Mr Sheehy holds a Bachelor of Science Degree from the University of New England.

### **Director, Regulatory Reform and Advice: David Fowler**

David Fowler has over 20 years of experience in environmental engineering and regulation. Mr Fowler leads the Regulatory Reform and Advice Branch to ensure that NSW Government policies, systems and processes support, guide and build upon the EPA's regulatory frameworks.

Before his appointment to this role, Mr Fowler held senior positions throughout the environment portfolio. His roles have included managing a team tasked with delivering strategic regulatory reforms, protocols and procedures; and providing operational support to deliver credible compliance and enforcement activities in relation to land clearing of native vegetation in NSW. He also led the development of work programs and coordinated strategic statutory activities to meet the administrative obligations associated with environment protection licensing and revenue protection.

Before working in environmental regulation, Mr Fowler spent five years in environmental consultancy, working at a range of industrial facilities across Australia. He holds a Chemical Engineering degree.

### **Director, South and Forestry: Gary Whytcross**

Gary Whytcross is responsible for EPA regulatory functions across the south and west of NSW and in 2015–16 was also responsible for regulating crown and private native forestry across the state. He grew up on a dairy farm in western Victoria and has extensive experience across scientific, policy and operational areas in Victoria, the ACT and NSW. This has included the dairy processing industry in Victoria and several years with the ACT pollution control authority, developing policy for pesticides and hazardous chemicals and managing water compliance.

Mr Whytcross joined the newly established NSW EPA in 1992 as Regional Manager for the Southern Tablelands. In 1996, he was appointed Director, Western Regions, with responsibility for all EPA activities west of the Great Dividing Range. In 2003, Mr Whytcross was appointed Director, South for the Department of Environment and Conservation and subsequently added the regulation of native vegetation, cultural heritage, threatened species and forestry to his role.

In 2012, Mr Whytcross directed the team responsible for re-establishing the EPA as an independent statutory authority. Other roles have included policy adviser in the Minister's



Office; Acting Director, Stakeholder Engagement and Governance; and Chief Environmental Regulator.

Mr Whytcross has a Bachelor of Applied Science (majoring in Chemistry and Aquatic Biology).

### **Director, North: Gary Davey**

Gary Davey has had extensive experience in Victoria and NSW in policy and operations. In Victoria, Mr Davey helped develop policy relating to kangaroo management, wildlife possession and trade, Aboriginal access to wildlife, pest animal and weed control and pesticides regulation. He also spent some time in the water resource policy area.

In 1996, Mr Davey moved to NSW, where he managed the threatened species unit in the National Parks and Wildlife Service (NPWS) Northern Zone, based at Coffs Harbour. In 1999, he was appointed Manager, Northern Conservation Programs and Planning Division, overseeing the division's input into strategic land-use planning, threatened species planning and regulation, new park and wilderness assessments, and Aboriginal heritage regulation. Following this, he was appointed Director, North East, which included responsibility for the EPA functions.

Mr Davey has a Bachelor of Science (Honours) and a Master of Science, majoring in aquatic ecosystems.

Mr Davey finished at the EPA in July 2016.

### **Director, Gas Regulation: Carmen Dwyer**

Carmen Dwyer leads the branch responsible for ensuring compliance and enforcement of all statutory conditions related to the efficient and environmentally safe operation of the NSW gas industry.

Ms Dwyer has worked in the field of environmental regulation for the past 18 years and has significant experience in compliance operations, policy development and stakeholder engagement. Her responsibilities have included implementing the EPA's transition to lead regulator for gas under the NSW Gas Plan, ensuring regional compliance priorities are met across a broad range of industries and developing pesticides policies. Ms Dwyer has delivered these roles from central and western NSW and is currently based in the EPA's Dubbo office.

Ms Dwyer holds a Bachelor of Applied Science (Environmental Science) and a Master of Applied Science (Environmental Restoration, Rehabilitation and Management).

## **Government sector employment compliance**

The *Government Sector Employment Act 2013* (GSE Act), which commenced on 24 February 2014, provides a new statutory framework for employment and workforce management in the NSW Government sector. Two of the GSE Act's key reforms are the structure of the sector's senior executive and the employment arrangements and management practices that apply to both senior executive and non-executive employees.

### **Senior executive changes**

The senior executive reforms will create a single executive structure across the public sector, with standardised role titles and one set of employment arrangements. The GSE Act requires senior executive structures to meet certain design principles to achieve a flatter and more mobile executive structure. The EPA's Chair and CEO revised the agency's senior executive structure to accord with these design principles and this was conditionally approved by the Public Service Commissioner on 4 November 2015. The deadline for the EPA's transition to these new employment arrangements is 31 August 2016.

To meet the transition deadline, the EPA established a small project team led by Giselle Howard, Director Metropolitan, to work with human resources specialists in the Planning and Environment Cluster and coordinate the transition of the EPA's senior executives (SES officers, senior officers and equivalent) into the new structure.

The EPA's revised executive structure consists of 20 senior executive roles, comprising one Head of Agency, three Executive Directors in Band 2 and 16 Directors in Band 1. Initial recruitment to fill these senior executive roles was limited to those internal candidates who were employed in similar roles at the commencement of the GSE Act. For those roles that were vacant and where the Chair and CEO considered there were no appropriate internal candidates, external recruitment was carried out. As of 30 June 2016, three Band 2 roles (one female) and three Band 1 roles (one female) had been filled.

Transition for senior executives to the new structure is voluntary and seven of the EPA's former senior executives chose not to participate. Voluntary redundancies were accepted by three staff by 30 June 2016 and the remaining four redundancies will be processed by the transition deadline.

The GSE Act does not apply to the EPA Chair and CEO because this is a statutory office established by the POEA Act that is appointed by the NSW Governor.

## Non-executive staff

In tandem with the transition to the new senior executive structure, the project team has been overseeing the transition of non-executive staff from position descriptions to role descriptions, meeting new requirements against the capability framework common across the NSW public sector. Good progress has been made by approaching the transition according to 'job families'. This work will continue in 2016–17 and is due to be completed by 23 February 2017 to meet the requirements of the GSE Act.

## Staff policies and statistics

The EPA is committed to being a world-class regulator and an exemplary organisation. EPA staff are highly dedicated and professional, and embrace the organisational values that support a healthy organisation.

The NSW People Matter Employee Survey provides an important opportunity for almost 400,000 NSW public sector employees to give feedback on their experiences and perceptions of their workplace culture and operations. The sector-wide survey was held in May 2016 with 89.9% of EPA staff taking part. This was up from 74.4% participation in the 2014 survey, making the EPA one of the organisations with the highest response rate.

The survey findings, available October 2016, will be discussed in the EPA's 2016–17 Annual Report. The results will help the EPA identify strengths and opportunities for improving work practices and will be reflected in the targets set out in the agency's next Strategic Plan.

## Workplace diversity and development

The EPA recognises the importance of a balanced workplace and supports opportunities and obligations that promote workforce diversity.

The EPA:

- is a family-friendly employer and offers flexible work options
- requires both males and females on recruitment panels – even though this is no longer a requirement under the *Government Sector Employment Act 2013*
- offers routine training and career development
- seeks and encourages employee feedback for further improvement

- continues to work in partnership with the CareerTrackers Indigenous Internship Program to source Aboriginal undergraduate students for paid employment with the aim that, upon graduation, they will achieve ongoing positions in the EPA – two undergraduate interns commenced employment during 2015–16
- continues growing its graduate employment program with six graduates joining the organisation across two intakes in 2015–16
- supports the continued growth of the Spokeswomen's Committee which encourages the active participation of EPA representatives to further the rights and opportunities of women across the organisation.

Some recent EPA initiatives that will be further advanced in the 2016–17 financial year include:

- establishment of the EPA Diversity Committee, a staff-led, organisation-wide working group championed by the EPA's Chair and CEO and endorsed by the EPA Executive to:
  - set clear diversity and inclusion objectives for the EPA
  - develop a diversity and inclusion policy and plan
  - document diversity and inclusion actions that are achievable
  - report on progress toward outcomes to all relevant stakeholders
  - determine priority areas the committee and organisation will focus on to deliver diversity and inclusion
- review of the EPA action paper *What does the EPA need to do to improve opportunities for women?* with a view to report on progress and reassess priorities.

Under the terms of the Shared Service Agreement between the EPA and the Office of Environment and Heritage (OEH), OEH provides human resources services to the EPA. Further initiatives in workforce diversity being developed by OEH's People and Culture Division and implemented across the agencies (including the EPA) are:

- an overarching workforce diversity plan
- a disability inclusion action plan
- a multicultural policies and services plan
- an Aboriginal employment strategy.

The EPA will continue to work closely with the OEH People and Culture Division and the NSW Public Service Commission to fulfil and promote future initiatives or requirements to enhance workforce diversity.

## Staff statistics

### EPA senior executives\*

Salary band	2014-15			2015-16		
	Female	Male	Total	Female	Male	Total
Band 4 Secretary	0	0	0	0	0	0
Band 3 (Deputy Secretary)	0	1	1	0	1	1
Band 2 (Executive Secretary)	0	1	1	0	2	2
Band 1 Director	6	16	22	4	17	21
<b>Totals</b>	<b>6</b>	<b>18</b>	<b>24</b>	<b>4</b>	<b>20</b>	<b>24</b>

\* Includes the Chair and CEO of the EPA, which is a statutory office appointed by the Governor of NSW. This table reflects the structure in place until staged transition to the new senior executive structure began in January 2016. Transition to the new structure was still underway at 30 June 2016.

**Average remuneration of EPA senior executives\***

<b>Band</b>	<b>Range</b>	<b>Average remuneration 2014–15</b>	<b>Average remuneration 2015–16</b>
Band 4 Secretary	\$441,201–\$509,750	–	–
Band 3 (Deputy Secretary)	\$313,051–\$441,200	\$430,450	\$484,200#
Band 2 (Executive Secretary)	\$248,851–\$313,050	\$300,000	\$283,278
Band 1 Director	\$174,500–\$248,850	\$170,824	\$175,598

\* The percentage of total employee-related expenditure of senior executives was 8.3%.

# In addition to remuneration salary of \$441,200, this employee (already on top of Band 3) also receives a recruitment allowance of \$43,000 per annum.

**EPA staff by category**

<b>Total staffing by category (head count*)</b>	<b>30 June 2014</b>	<b>30 June 2015</b>	<b>30 June 2016</b>
Permanent full-time	370	392	384
Permanent part-time	33	38	41
Temporary full-time	55	57	110
Temporary part-time	14	19	21
Casual	0	0	0
<b>Total</b>	<b>472</b>	<b>506</b>	<b>556</b>

\* Head count numbers include all EPA employees by classification.

**EPA staff by location**

<b>Total staffing by location (head count*)</b>	<b>30 June 2014</b>	<b>30 June 2015</b>	<b>30 June 2016</b>
Sydney metropolitan area	342	374	402
Regional areas	130	132	154
<b>Total</b>	<b>472</b>	<b>506</b>	<b>556</b>

\* Head count numbers include all EPA employees by classification.

**Trends in the representation of workforce diversity groups**

<b>Workforce diversity group</b>	<b>Benchmark/target</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Women	50.0%	51.9%	53.1%	53.3%
Aboriginal people and Torres Strait Islanders	2.6%	0.8%	1.0%	1.1%
People whose first language spoken as a child was not English	19.0%	12.3%	13.1%	10.6%
People with a disability	n/a	4.8%	3.1%	3.3%
People with a disability requiring work-related adjustment	1.5%	1.8%	0.7%	1.3%

**Trends in the distribution of workforce diversity groups****Distribution index\* for total staff**

<b>Workforce diversity group</b>	<b>Benchmark/ target</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Women	100	90	90	91
Aboriginal people and Torres Strait Islanders	100	n/a	n/a	n/a
People whose first language spoken as a child was not English	100	95	96	98
People with a disability	100	99	n/a	n/a
People with a disability requiring work-related adjustment	100	n/a	n/a	n/a

\* A distribution index of 100 indicates that the centre of the distribution of the workforce diversity group across salary levels is equivalent to that of other staff. Values less than 100 mean that the workforce diversity group tends to be more concentrated at lower salary levels than is the case for other staff. The more pronounced this tendency is, the lower the index will be. In some cases the index may be more than 100, indicating that the workforce diversity group is less concentrated at lower salary levels.

n/a = The distribution index was not calculated where workforce diversity group or non-workforce diversity group numbers are less than 20.



# Governance

## EPA Board

### What does the EPA Board do?

The EPA Board has adopted a charter, detailing the functions of the Board, the responsibilities of other positions that interact with the Board and other Board governance issues.

The functions of the EPA Board are to:

- determine the policies and long-term strategic plans of the EPA
- oversee the effective, efficient and economic management of the EPA
- develop and make available for public information guidelines relating to the institution of criminal and related proceedings
- determine whether the EPA should institute proceedings for serious environment protection offences referred to in section 17 of the *Protection of the Environment Administration Act 1991* (POEA Act)
- advise the Minister for the Environment on any matter relating to the protection of the environment
- receive reports from the EPA on any failure of the EPA to comply with its requirement to review environment protection licences every five years
- approve the EPA granting an exemption from the provisions of the *Protection of the Environment Operations Act 1997* or other relevant EPA-administered legislation to any entity where the EPA is satisfied that compliance is not practicable and that non-compliance will have no significant adverse effect on public health, property, the environment or trade.

In addition, section 16 of the POEA Act requires the Board to provide the Minister with an annual Regulatory Assurance Statement relating to the agency's performance.

### Terms of appointment

Board members		Term of appointment
Barry Buffier AM	Chair	2 April 2012 to 1 April 2017
Alec Brennan AM	Member	29 February 2012 to 28 February 2017
Christine Covington	Member	29 February 2012 to 28 February 2017
Chris Knoblanche AM	Member	29 February 2012 to 28 February 2017
Julie Savet Ward	Member	29 February 2012 to 28 February 2017

### Independence of the Board

The EPA Board is not subject to the control and direction of the Minister for the Environment in exercising any of its functions (section 16(2) of the POEA Act).

The Chair of the Board is appointed by the NSW Governor and is responsible for managing and controlling the affairs of the EPA in accordance with the policies and decisions of the Board, subject to any directions of the Minister. However, the POEA Act states that the EPA is not subject to the control and direction of the Minister in relation to any report or recommendation made to the Minister, any state of the environment report or any decision to institute criminal or related proceedings.

## Board meetings

In 2015–16, the EPA Board met 10 times with most of the meetings in Sydney. The April meeting was held in Queanbeyan as part of a two-day regional visit by Board members, which included site visits to Boral Cement and Boral Quarries, Veolia Waste Management (Woodlawn) and Palerang Council's Community Recycling Centre. The Board also met with representatives of Access Canberra, the ACT Environment and Planning Directorate, the City of Queanbeyan and the Canberra Region Joint Organisation.

Members attended all of the meetings in 2015–16 on the following dates (unless otherwise indicated):

- 1 July 2015
- 5 August 2015
- 10 September 2015
- 20 October 2015
- 2 December 2015
- 15 January 2016 (extraordinary meeting by teleconference – Juliet Savet Ward not in attendance)
- 11 February 2016
- 4–5 April 2016 (in Queanbeyan)
- 10 May 2016
- 29 June 2016 (extraordinary meeting)

Under the POEA Act, the quorum for a Board meeting is three members, one of whom must be the Chair. The Chair presides at Board meetings, has a deliberative vote and, in the event of a tied vote, a second or casting vote.

## Integrity of the EPA Board

### Disclosure of pecuniary and other interests

Clause 7 of Schedule 1 to the POEA Act and the provisions of the Protection of the Environment Administration Regulation 2012 contain detailed requirements on disclosure of the pecuniary and personal interests of Board members, the keeping of publicly available records about disclosures and the effect disclosures have on Board members' participation in Board business.

A member must disclose if they have a direct or indirect pecuniary interest in a matter being considered or about to be considered at a meeting of the Board where the interest appears to raise a conflict with the proper performance of the member's duties in relation to the consideration of the matter because:

- they are a member, or are in the employment, of a specified company or other body
- they are a partner, or are in the employment, of a specified person
- they have some other specified interest relating to a specified company or other body or to a specified person
- a matter being considered or about to be considered at a meeting of the Board relates to the institution of criminal or related proceedings against a person and a member has any personal or financial interest in the matter.

All members of the EPA Board lodged their ordinary disclosure returns for the 2014–15 financial year by 1 October 2015. Members may also need to lodge special disclosures from time to time. Board members are given an opportunity at the commencement of each meeting to declare any potential, perceived or actual conflicts of interest and those declared by Board members are recorded in the minutes of each meeting.

## Conduct

The Board follows:

- the EPA Board Code of Conduct, which outlines the fundamental values and principles that define the standards of behaviour expected of members of the EPA Board
- the NSW Government Boards and Committees Guidelines, which outlines fundamental values and principles that members should consider when carrying out their duties
- the Guidelines for Boards of Government Businesses, which outlines the key private sector standards of corporate governance which are most appropriate to the practices and procedures for boards of government businesses.

## Legal information

### Acts administered by the EPA

The EPA has responsibilities, powers, duties and functions under legislation administered by the Minister for the Environment.

The following Acts were administered by the EPA from 1 July 2015 to 30 June 2016:

- *Contaminated Land Management Act 1997* No. 140
- *Dangerous Goods (Road and Rail Transport) Act 2008* No. 95, so far as it relates to the on-road and on-rail transport of dangerous goods by road or rail (remainder: Minister for Innovation and Better Regulation)
- *Environmentally Hazardous Chemicals Act 1985* No. 14
- *Forestry Act 2012* No. 96 – Parts 5A and 5B relate to the Minister (remainder: Minister for Primary Industries)
- *National Environment Protection Council (New South Wales) Act 1995* No. 4
- *Ozone Protection Act 1989* No. 208
- *Pesticides Act 1999* No. 80
- *Protection of the Environment Administration Act 1991* No. 60
- *Protection of the Environment Operations Act 1997* No. 156
- *Radiation Control Act 1990* No. 13
- *Recreation Vehicles Act 1983* No. 136 (except Parts 4 and 6: Minister for Roads, Maritime and Freight)
- *Waste Avoidance and Resource Recovery Act 2001* No. 58

### Legislative change

#### New and amending Acts

The following Act was assented to in 2015–16:

- *Protection of the Environment Operations Amendment (Enforcement of Gas and Other Petroleum Legislation) Act 2015* No. 42

#### New and amending Regulations

The following Regulations were made or re-made in 2015–16:

- Dangerous Goods (Road and Rail Transport) Amendment (Model Law) Regulation 2015
- Protection of the Environment Operations (Clean Air) Amendment (Cruise Ships) Regulation 2015
- Protection of the Environment Operations (Waste) Amendment (Contributions) Regulation 2014
- Protection of the Environment Operations (Waste) Regulation 2014
- Radiation Control Amendment (Exemptions and Fees) Regulation 2016

## Penalty notices

Infringement type	EPA		Other NSW Government*		Local government	
	No.	Penalty	No.	Penalty	No.	Penalty
Dangerous Goods: All offences	23	\$61,480	103	\$171,410	–	–
Native Vegetation: All offences	5	\$20,900	27	\$80,700	–	–
Pesticides: All offences	26	\$18,000	–	–	–	–
POEO Air: Motor vehicle – smoky	91	\$138,900	–	–	–	–
POEO Air: Motor vehicle – other air	5	\$1,900	–	–	–	–
POEO Air pollution: non-motor vehicle (control of burning)	–	–	3	\$1,500	35	\$19,000
POEO Air pollution: non-motor vehicle (emission of air impurities or odours from premises)	9	\$79,000	–	–	2	\$4,000
POEO Land pollution and waste	21	\$68,500	4	\$8,000	667	\$1,618,250
POEO Land pollution and waste (asbestos/hazardous)	6	\$49,500	–	–	16	\$59,000
POEO Littering: aggravated litter, from motor vehicle	1	\$900	38	\$17,100	18	\$9,400
POEO Littering: aggravated litter, non-motor vehicle	2	\$900	21	\$9,450	109	\$52,200
POEO Littering: from motor vehicle	8,600	\$2,270,750	299	\$74,750	1,449	\$378,450
POEO Littering: non-motor vehicle	6	\$1,580	896	\$182,130	1,971	\$238,030
POEO Noise: Motor vehicle	131	\$38,750	108	\$22,850	2	\$600
POEO Noise: non-motor vehicle	–	–	373	\$113,100	16	\$7,200
POEO Other Offences, e.g. contravene licence conditions	105	\$834,500	1	\$7,500	337	\$688,250
POEO Water: All offences (incl. <i>Water Management Act 2000</i> offences linked by virtue of POEO Schedule 2A)	15	\$217,500	76	\$93,750	248	\$1,736,000
Radiation	7	\$9,000	–	–	–	–
<b>TOTAL</b>	<b>9,053</b>	<b>\$3,812,060</b>	<b>1,949</b>	<b>\$782,240</b>	<b>4,870</b>	<b>\$4,810,380</b>

\* 'Other NSW Government' includes all non-EPA environment-related organisations; such as OEH, NPWS, botanic gardens, parklands trusts, etc. POEO: *Protection of the Environment Operations Act 1997*

## Prosecutions

The Legal Services Division of the Office of Environment and Heritage (OEH) supports the EPA's prosecution function as part of the Service Agreement between the two agencies.

Of the 103 prosecutions commenced by OEH during the year, 88 were in the name of the EPA. OEH completed 70 prosecutions during the year with 40 of these for offences prosecuted in the name of the EPA. These 40 prosecutions resulted in:

- 38 convictions
- one matter where the offence was proven but a conviction was not recorded
- one acquittal.

### Prosecutions completed under EPA Legislation

Details of the prosecutions completed under EPA legislation are recorded below. OEH prosecutions completed during the year are reported in the appendices to *OEH Annual Report 2015–16*.

LEC = Land and Environment Court

LC = Local Court

s.10 = Under section 10 of the *Crimes (Sentencing Procedure) Act 1999*, the Court, although finding the defendant guilty of the offences charged, did not record a conviction or impose a penalty.

Note: Unless otherwise stated, the dollar amount referred to in the Result/Penalty column is a fine.

#### Tier 1 offences

No Tier 1 offences were completed during 2015–16.

#### Tier 2 offences

##### *Protection of the Environment Operations Act 1997*

Defendant	Charge	Result/Penalty	Court
Abbott, Matthew Graham	Littering	\$250	Macksville LC
Alcobell Pty Ltd	Unlawfully transport and deposit waste	\$10,000	LEC
Alcobell Pty Ltd	Unlawfully transport and deposit waste	\$40,000	LEC
Alcobell Pty Ltd	Unlawfully transport and deposit waste	\$20,000	LEC
Booth, Grant John	Littering	\$100	Newtown LC
Borg Panels Pty Ltd	Pollute waters	\$58,500 Ordered to publicise details of the offence in the <i>Oberon Review</i> and <i>Western Advocate</i> . Also ordered to pay investigation costs of \$27,780.12.	LEC
Boyle, Anthony Leonard	Littering	\$1,000	Penrith LC
Brkic, Kenan	Littering	s.10	Burwood LC



Campbell, Alistair Murray	Knowingly provide false or misleading information to the EPA	\$5,000	LEC
Campbell, Alistair Murray	Unlawfully transport and deposit waste	\$3,000	LEC
Campbell, Alistair Murray	Unlawful use of land as a waste facility	\$5,000 Ordered to pay investigation costs of \$23,409	LEC
Campbell, Alistair Murray	Unlawfully transport and deposit waste	\$4,000	LEC
Chahine, Mohammed	Littering	\$50	Bankstown LC
Citcomm Pty Ltd	Littering	\$250	Downing Centre LC
Cruz, Manuel Fuentes	Littering	\$200	Gosford LC
De La Sala, Robert Brendan Perez	Littering	\$500	Blacktown LC
Environmental Treatment Solutions Pty Ltd	Breach licence condition	\$67,000	LEC
Gavrilos, Harry	Littering	\$10	Fairfield LC
Hunter Valley Energy Coal Pty Ltd	Breach licence condition	Ordered to pay \$58,500 to Muswellbrook Shire Council for its Wood Smoke Reduction Program and publicise details of the offence in the <i>Newcastle Herald</i> , <i>Singleton Argus</i> , <i>Muswellbrook Chronicle</i> and <i>Coalface</i> magazine	LEC
Hunter Water Corporation	Pollute waters	Ordered to pay \$75,000 to Hunter Local Land Services and publicise details of the offence in the <i>Newcastle Herald</i> , <i>Maitland Mercury</i> and <i>Dungog Chronicle</i>	LEC
Hunter Water Corporation	Pollute waters	Ordered to pay \$37,500 to the Environmental Trust and publicise details of the offence in the <i>Newcastle Herald</i> , <i>Maitland Mercury</i> and <i>Dungog Chronicle</i>	LEC
Hunter Water Corporation	Breach licence condition	Ordered to pay \$37,500 to Hunter Local Land Services and publicise details of the offence in the <i>Newcastle Herald</i> , <i>Maitland Mercury</i> and <i>Dungog Chronicle</i>	LEC

Hunter Water Corporation	Breach licence condition	Ordered to pay \$37,500 to Hunter Local Land Services and publicise details of the offence in the <i>Newcastle Herald</i> , <i>Maitland Mercury</i> and <i>Dungog Chronicle</i>	LEC
Lynch, Brendon Maurice	Littering	\$100	Burwood LC
Medium Voltage Technology Pty Ltd	Littering	\$100	Bankstown LC
Nulon Products Australia Pty Ltd	Breach licence condition	Ordered to pay \$120,000 to the NSW Environmental Trust, provide a written apology to the employees of Sphere Healthcare and publicise details of the offence in the <i>Sydney Morning Herald</i> , <i>Liverpool Leader</i> and <i>PACE – Process &amp; Control Engineering</i> . Also ordered to pay investigation costs of \$674.82.	LEC
Ramadan, Ramadan	Littering	\$1,100	Sutherland LC
Sheppard, Gary Bryce	Littering	\$100	Manly LC
Tomingley Gold Operators Pty Ltd	Pollute waters	\$60,000 Ordered to pay investigation costs of \$1,797	Dubbo LC
Tomingley Gold Operators Pty Ltd	Pollute waters	\$35,000	Dubbo LC
Van Hemelryck, Simon	Littering	\$100	Campbelltown LC
Wilkins, Gary Lee	Littering	Acquitted	Blacktown LC

*Protection of the Environment Operations (Clean Air) Regulation 2010*

Defendant	Charge	Result/Penalty	Court
Fletcher, Judith Anne	Smoky vehicle	\$3,000	Picton LC
J and E Vella Pty Ltd	Smoky vehicle	\$5,000	Burwood LC
On Road Transport Pty Ltd	Smoky vehicle	\$1,000	Burwood LC
Quality Logistics Management Pty Ltd	Smoky vehicle	\$2,000	Burwood LC
Sevgi's Express Transport Pty Ltd	Smoky vehicle	\$2,000	Burwood LC
SP's Specialised Transport Pty Ltd	Smoky vehicle	\$1,000	Burwood LC
Tizzana Investments Pty Ltd	Smoky vehicle	\$10,000	Burwood LC

*Protection of the Environment Operations (Noise Control) Regulation 2008*

Defendant	Charge	Result/Penalty	Court
Elamrousy, Mahmoud	Noisy vehicle	\$990	Downing Centre LC

**Total prosecutions under EPA legislation**

Fines	\$336,350
Other financial penalties (excluding legal costs)	\$366,000
Total fines and other financial penalties	\$702,350

**Prosecution case studies****Alcobell Pty Ltd: waste pollution****Alistair Murray Campbell: waste pollution and providing false and misleading information**

In August 2015, Alcobell Pty Ltd was convicted in the Land and Environment Court of three offences of unlawfully transporting waste. The company's sole director, Alistair Murray Campbell, was also convicted of two offences of unlawfully transporting waste, one offence of using land as a waste facility without lawful authority and one offence of providing false or misleading information to the EPA. The waste offences involved the transport of 6531 tonnes of building and demolition waste contaminated with asbestos from skip bin facilities to three rural properties near Lithgow.

During an interview with the EPA, Mr Campbell provided false or misleading information in relation to records Alcobell had provided to the EPA during its investigation. Guilty pleas were entered in relation to all offences.

The company was fined a total of \$70,000 while Mr Campbell received \$17,000 in fines. Alcobell and Mr Campbell were also ordered to pay the prosecutor's costs as agreed or assessed, as well as investigation costs of \$23,409.

**Borg Panels Pty Ltd: water pollution**

In June 2016, Borg Panels Pty Ltd was convicted in the Land and Environment Court of polluting waters. The offence occurred in August 2014 when a hose connected to an effluent pond at Borg's licensed timber processing and manufacturing plant near Oberon drained into a nearby stormwater channel and then into a creek. The offence caused actual, likely and potential harm to the environment.

The company pleaded guilty and was fined \$58,500 and ordered to pay \$27,780.12 in investigation costs as well as the prosecutor's costs of \$45,000. Borg Panels was also ordered to publicise details of the offence in the *Western Advocate* and *Oberon Review* newspapers.

**Environmental Treatment Solutions Pty Ltd: breach licence condition**

In October 2015, Environmental Treatment Solutions Pty Ltd (ETS) was convicted in the Land and Environment Court of breaching a condition of the company's Environment Protection Licence which required licensed activities to be carried out in a competent manner.

The offence occurred in February 2014 when two ETS employees mistakenly mixed incompatible chemicals, resulting in the production of 42 kilograms of hydrogen sulfide gas. Seven ETS employees were hospitalised as a result of inhaling the gas, three of them temporarily losing consciousness.

The company pleaded guilty and was fined \$67,000 and ordered to pay the prosecutor's costs as agreed or assessed.

### **Hunter Valley Energy Coal Pty Ltd: offensive odour emission**

In July 2015, Hunter Valley Energy Coal Pty Ltd (HVEC) was convicted in the Land and Environment Court of the offence of causing the emission of an offensive odour. The offence occurred in February 2014, when HVEC carried out a blast at its Mt Arthur coal mine near Muswellbrook. HVEC, a subsidiary of BHP Billiton, operates the mine. Fumes from the blast blew over a nearby industrial estate. The fumes had an acrid and unpleasant odour and caused some minor health impacts on workers at the estate.

The company pleaded guilty and was ordered to pay a penalty of \$58,500 to Muswellbrook Shire Council for the council's Wood Smoke Reduction Program, which aims to reduce the impact of wood smoke emissions on the local community. HVEC was also ordered to pay the EPA's costs of \$30,000 and publicise details of the offence in the *Newcastle Herald*, *Singleton Argus* and *Muswellbrook Chronicle* newspapers and *Coalface* magazine.

### **Hunter Water Corporation: water pollution and breach licence condition**

In June 2016, Hunter Water Corporation was convicted by the Land and Environment Court of two offences of water pollution and two offences of breaching conditions of its Environment Protection Licence. The conditions which were breached require Hunter Water to maintain its plant and equipment in a proper and efficient condition and operate its plant and equipment in a proper and efficient manner.

Between April and August 2014, fluoride leaked from a broken pump at Hunter Water's Dungog water treatment plant. The leak occurred over a period of four months without detection and with fluoride flowing into Slaughteryard Creek in Dungog. The leak resulted from Hunter Water's failure to maintain the pump to prevent leaks and keep a safety valve closed. For two days in August 2014, Hunter Water used chlorinated water to flush the leaked fluoride, causing further harm to Slaughteryard Creek. The incidents could have harmed or killed invertebrate animals in the creek.

Hunter Water pleaded guilty to the offences and was penalised a total of \$187,500 – with \$150,000 of this to be paid to Hunter Local Land Services for a project to improve the Dungog Common Recreation Reserve and \$37,500 to the NSW Environmental Trust. Hunter Water was also ordered to pay the prosecutor's costs of \$75,000 and publicise details of the offences in the *Newcastle Herald*, *Dungog Chronicle* and *Maitland Mercury* newspapers.

### **Nulon Products Australia Pty Ltd: breach licence condition**

In September 2015, Nulon Products Australia Pty Ltd was convicted in the Land and Environment Court of breaching a condition of the company's Environment Protection Licence for failing to operate its plant and equipment in a proper and efficient manner.

In February 2014, a Nulon employee failed to switch off a heater in a blending tank. The oil inside the blending tank overheated, causing the release of foul-smelling fumes. Fire and Rescue NSW responded to an automatic fire alarm and switched the heater off. That morning, 33 complaints were received from the community and 15 employees of a nearby factory went home sick, complaining of headaches, coughing and nausea. Their symptoms were short-lived.

Nulon pleaded guilty, was fined \$120,000 and ordered to provide a written apology to each affected employee of the nearby factory. Nulon was also ordered to pay the prosecutor's costs of \$64,530, investigation costs of \$674.82 and publicise details of the offence in the *Sydney Morning Herald* and *Liverpool Leader* newspapers and *PACE – Process & Control Engineering* magazine.

### **Tomingley Gold Operators Pty Ltd: water pollution**

On 15 October 2015, Tomingley Gold Operators Pty Ltd was convicted in the Dubbo Local Court of two separate offences of polluting waters.

On 7 March 2014, following a rainfall event, the company reported to the EPA that sediment-laden water from the mine had entered a drainage channel, which travels through the company's mine site. This channel ultimately discharges into three dams, two of which are located on a neighbouring private property. After another rainfall event between 24 and 28 March 2014, sediment-laden water from the mine again travelled into the drainage channel and the neighbour's dams.

The company pleaded guilty to both offences and was fined a total of \$95,000. Tomingley was also ordered to pay the prosecutor's costs of \$15,000 and investigation costs of \$1797.

## Enforceable undertakings

The EPA's ability to accept enforceable undertakings enhances the agency's enforcement capability and can provide an alternative to court proceedings. Consistent with the POEO Act, the EPA is able to use enforceable undertakings to negotiate environmental improvement and restoration measures where there has been an actual or potential breach of legislation. These are written undertakings enforceable in the Land and Environment Court which may also require the company or individual to pay an amount towards an environmental project or initiative.

In 2015–16, the EPA entered into two enforceable undertakings requiring the parties involved to make a monetary contribution towards remedial environmental projects or initiatives as outlined below.

Company/Individual	Amount	Project
Coal & Allied Operations Pty Ltd	\$130,000	To Hunter Wetlands Centre Australia for regeneration, revegetation and weed management.
Sydney Water	\$200,000	To the City of Parramatta Council to fund projects and initiatives as part of the Parramatta River Masterplan.

## Enforceable undertakings case studies

### Coal & Allied Operations Pty Ltd

In September 2015, Coal & Allied Operations Pty Ltd entered into an enforceable undertaking with the EPA in relation to a water pollution incident near three of its open-cut coal mines near Singleton: Mt Thorley, Warkworth and Hunter Valley Operations. The incident involved the discharge of mine water from a section of pipe used to transfer mine water from underground mine workings.

Coal & Allied agreed to undertake a number of corrective actions and pay \$130,000 for regeneration, revegetation and weed management of 10 hectares at the Hunter Wetlands Centre Australia site at Shortland.

### Sydney Water

In June 2016, Sydney Water entered into an enforceable undertaking with the EPA in respect of an incident involving its licensed Northern Suburbs Sewage Treatment System. In June 2015, a clamp on a pressurised sewage pipe traversing the Parramatta River at Rydalmere rusted and failed, resulting in the release of untreated sewage into Parramatta River.

Sydney Water agreed to undertake a number of corrective actions and pay \$200,000 to the City of Parramatta Council to fund projects and initiatives as part of the Parramatta River Masterplan. Sydney Water also agreed to publicise details of the undertaking in the *Sydney Morning Herald* and *Daily Telegraph* newspapers.



## Licence reviews

Environment protection licences issued under the *Protection of the Environment Operations Act 1997* (POEO Act) must be reviewed every five years in accordance with section 78 of the Act.

In 2015–16, a total of 566 licences were due for review. Of these, the EPA completed 562 reviews by the due date, a rate of 99.3% compliance compared with 97.1% in 2014–15. The table below shows details of licence reviews for each financial year from 2013–14.

Financial year	Licence reviews	Licence reviews completed by due date	Licence reviews completed late
2013–14	589	581	8
2014–15	647	628	19
2015–16	566	562	4

The EPA Board has been advised of these results in accordance with section 78(3) of the POEO Act.

Procedures for tracking licence reviews were improved in 2015–16, including additional reporting requirements to the EPA Executive to ensure that each operational group is aware of the reviews falling due for their area. The reasons that four licences were not reviewed by the due date were related to administrative oversight and operational and staffing changes.

## Risk management

### Finance, Audit and Risk Committee

The Finance, Audit and Risk Committee, established by the EPA Board, provides independent assistance by overseeing and monitoring the EPA's governance, risk and control frameworks and external accountability requirements.

The committee is directly responsible to the EPA Board, has no executive powers and consists of the following members:

- Chris Knoblanche – independent Chair (four-year term of appointment, commencing 18 May 2012; one-year term of re-appointment, commencing 18 May 2016)
- Alec Brennan – independent Member 1 (three-year term of re-appointment, commencing 18 May 2015)
- Christine Hawkins – independent Member 2 (three-year term of appointment, commencing 11 April 2016)
- Ian French – non-independent Member 1 (two-year term of appointment, commencing 12 April 2014).

A quorum consists of two independent members and meetings are held at least four times a year. In 2015–16, meetings were held in August, September, February and May.

The committee meets with both internal and external auditors and operates according to NSW Treasury's *Internal Audit and Risk Management Policy for the NSW Public Sector* (TPP 15-03). The Chair of the EPA Board has to complete an attestation statement that indicates all the Treasury requirements have been met, which is reproduced below.

## Internal audit and risk management statement



### Internal Audit and Risk Management Attestation Statement for the 2015-2016 Financial Year for the Environment Protection Authority

I, Mark Gifford, Acting Chair and CEO of the Environment Protection Authority (EPA) am of the opinion that the EPA has internal audit and risk management processes in operation that are, excluding the exceptions or transitional arrangements described below, compliant with the eight (8) core requirements set out in the *Internal Audit and Risk Management Policy for the NSW Public Sector*, specifically:

Core Requirements		For each requirement, please specify whether compliant, non-compliant, or in transition
<b>Risk Management Framework</b>		
1.1	The agency head is ultimately responsible and accountable for risk management in the agency	Compliant
1.2	A risk management framework that is appropriate to the agency has been established and maintained and the framework is consistent with AS/NZS ISO 31000:2009	Compliant
<b>Internal Audit Function</b>		
2.1	An internal audit function has been established and maintained	Compliant
2.2	The operation of the internal audit function is consistent with the International Standards for the Professional Practice of Internal Auditing	Compliant
2.3	The agency has an Internal Audit Charter that is consistent with the content of the 'model charter'	Compliant
<b>Audit and Risk Committee</b>		
3.1	An independent Audit and Risk Committee with appropriate expertise has been established	In transition
3.2	The Audit and Risk Committee is an advisory committee providing assistance to the agency head on the agency's governance processes, risk management and control frameworks, and its external accountability obligations	Compliant
3.3	The Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'	Compliant

#### Membership

The chair and members of the Audit and Risk Committee are:

- Independent Chair, Mr Chris Knoblanche, (4 year term of appointment, commenced on 18 May 2012; 1 year term of reappointment commenced on 18 May 2016)
- Independent Member, Mr Alec Brennan, (3 year term of re-appointment, commenced on 18 May 2015)
- Non-independent Member, Mr Ian French, (2 year term of appointment, commenced on 12 April 2014)
- Independent Member, Ms Christine Hawkins (3 year term of appointment, commenced 11 April 2016)

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**Departures from Core Requirements**

I, Mark Gifford, Acting Chair and CEO of the EPA, advise that the internal audit and risk management processes for the EPA depart from the following core requirements set out in the *Internal Audit and Risk Management Policy for the NSW Public Sector*:

1. The departure from the core requirements is due to the agency implementing measures to achieve compliance with new policy requirements consistent with the permitted transitional arrangements.

Departure	Reason for departure and description of practicable alternative measures implemented/being implemented
<b>In Transition</b>	
<ul style="list-style-type: none"> <li>Core Requirement 3.1</li> </ul>	The EPA had a non-independent member, Mr Ian French, appointed on 12 April 2014. Mr French's term of appointment expired on 11 April 2016. Ms Christine Hawkins, a new independent appointment, was then appointed as Mr French's replacement, with her term of appointment commencing 11 April 2016.

These processes, including the practicable alternative measures implemented, demonstrate that the EPA has established and maintained frameworks, including systems, processes and procedures for appropriately managing audit and risk within the EPA



Acting Chair and CEO, Environment Protection Authority  
Date:

Agency Contact Officer:  
Adrian Lewis  
Executive Project Officer  
EPA Board

The committee's responsibilities include:

- risk management, including financial and business risks
- internal control framework
- external accountability, such as the review of financial statements
- review and compliance with applicable laws and regulations
- internal and external audit – forum for communication, review audit coverage and work plans and audit reports.

The committee reports regularly to the EPA Board on the following matters:

- summary of the committee's work
- summary of the EPA's progress in addressing the findings and recommendations made in internal and external audits
- overall assessment of the EPA's risk, control and compliance framework.

The committee must declare all conflicts of interest. All four members lodged pecuniary interest declarations upon their appointment to the committee and are required to formally advise the committee of any significant change in circumstances that affect the accuracy of those declarations. Members are also given the opportunity at the commencement of each committee meeting to declare any potential conflicts of interest.

The committee is required to establish a review mechanism that is carried out at least annually to ensure it continues to deliver on its Finance, Audit and Risk Charter. The review is carried out by way of self-assessment checklists. The committee's self-assessment will be completed in September 2016.

## **EPA internal audit**

The EPA's internal audit is an independent, objective assurance and consulting activity designed to add value and improve the organisation's operations.

The EPA participates in the OEH Internal Audit Program. The EPA has also developed its own Internal Audit Plan that supplements the audits within OEH's broader program and includes two EPA-specific audits per year. The Director, Stakeholder Engagement and Governance holds the role of the Chief Audit Executive who heads the EPA's internal audit function.

The EPA Internal Audit Charter provides the framework for the internal audit function. The purpose of the charter is to address the role, responsibilities, authorisation, activities and reporting relationships of the internal audit function. The charter was reviewed by the Finance, Audit and Risk Committee and subsequently approved by the EPA Board to ensure it continues to be consistent with the financial, risk management and governance arrangements of the EPA and current professional practice.

The 2014–17 EPA Internal Audit Plan was endorsed by the Finance, Audit and Risk Committee in February 2015.

## **EPA insurance**

The EPA is a participating agency of the Treasury-Managed Fund (TMF), managed by the NSW Self-Insurance Corporation.

TMF cover is provided to participating agencies for loss or damage incurred in respect of:

- workers' compensation according to NSW statute
- liability including, but not limited to, public liability, product liability, professional indemnity, directors'/officers' liability and medical negligence
- property
- motor vehicle

- other miscellaneous losses including, but not limited to, employee dishonesty, personal accident and protection during overseas travel.

#### Areas of risk and related insurance costs

	2013–14 \$'000	2014–15 \$'000	2015–16 \$'000
Workers' compensation	177	166	191
Public liability	16	26	29
Property	3	9	5
Motor vehicles	56	156	120
Miscellaneous	1	1	1
<b>Total</b>	<b>253</b>	<b>358</b>	<b>346</b>

Premiums are based on claims history and reflect the EPA's risk management approach to managing claims. The increase in 2014–15 reflected a change in overall risk and claims management within the Government sector.

### Public interest disclosures

Section 31 of the *Public Interest Disclosures Act 1994* requires each NSW public authority to prepare an annual report on its obligations under the Act. In accordance with clause 4 of the Public Interest Disclosures Regulation 2011, information for the EPA for the period 1 July 2015 to 30 June 2016 is set out below.

Public interest disclosures made by public officials in performing their day-to-day functions	Nil
Other public interest disclosures that are made under a statutory or legal obligation	Nil
All other public interest disclosures	Nil
Public interest disclosures relating to possible or alleged: <ul style="list-style-type: none"> <li>• corrupt conduct</li> <li>• maladministration</li> <li>• serious and substantial waste of public money</li> </ul>	Nil Nil Nil
<b>Total number of public interest disclosures received</b>	<b>Nil</b>
<b>Total number of public interest disclosures finalised</b>	<b>Nil</b>

The EPA has a Public Interest Disclosures Policy in place. EPA staff are made aware of their responsibilities by relevant information provided on the agency's intranet while nominated disclosure officers and other staff attend training provided by the NSW Ombudsman.

### Consumer inquiries, reports and complaints

EPA staff regularly handle general inquiries about environmental issues, reports about pollution, and feedback and complaints about the EPA's work. The agency values these interactions with consumers and stakeholders and stipulates in its Code of Ethics and Conduct that, when interacting with the public, EPA staff will:

- act professionally, with honesty, consistency and impartiality
- build relationships based on mutual respect
- provide services fairly with a focus on customer needs.



One of the reasons the EPA prioritises good customer service is that many of its stakeholders do not have a choice of service provider and cannot opt in or out of their relationship with the agency. This is particularly so for stakeholders conducting activities subject to the EPA's statutory licensing, monitoring and enforcement powers.

Environment Line is a significant channel of interaction with consumers which provides a one-stop pollution and environmental incident reporting system for the EPA (and OEH as well). In 2015–16, Environment Line received more than 7000 reports of pollution incidents for which the EPA had regulatory responsibilities. These incidents included air, water, waste and noise pollution, hazardous chemicals, illegal dumping and polluting and littering from vehicles.

#### EPA Environment Line complaints received between 2013–14 and 2015–16

Type of complaint	2013–14	2014–15	2015–16
Odour	2,229	1,850	2,059
Air quality	758	741	843
Noise	1,389	1,780	1,181
Other	2,278	2,985	3,348
<b>Total</b>	<b>6,654</b>	<b>7,356</b>	<b>7,431</b>

Complaints received by the EPA from the public sometimes relate to dissatisfaction with the agency's responses to a particular issue or the timeliness of action on a pollution report. Some complaints reflect a misconception that the EPA is the appropriate regulatory authority when other state agencies or local councils may be responsible for the issue concerned. In such cases the complaint is referred to the appropriate body.

Complaints concerning alleged corrupt conduct are reported to the Independent Commission Against Corruption, while those that allege serious maladministration are reported to the Ombudsman. No such reports were made to the ICAC or the Ombudsman in 2015–16.

## Controlled entities

In 2015–16, the EPA had one controlled entity.

The Environment Protection Authority Staff Agency (EPA Staff Agency) is a Division of the Government Service responsible to the Minister for the Environment, established under the Administrative Arrangements Order 2014 dated 29 January 2014. Under the Order, the former Office of the Environment Protection Authority became the EPA Staff Agency.

As a not-for-profit entity, the EPA Staff Agency is a controlled entity of the EPA and employs staff to enable the EPA to exercise its functions. This entity is consolidated with the EPA as a part of the NSW Total State Sector Accounts. The EPA Staff Agency's objectives, operations, activities, performance targets and performance measures are included throughout this Annual Report.

## Privacy management

The Privacy Management Plan for both OEH and the EPA outlines how the EPA complies with the principles of the *Privacy and Personal Information Protection Act 1998* (PIPP Act) and *Health Records and Information Privacy Act 2002*. The plan is available from the EPA website: [www.epa.nsw.gov.au](http://www.epa.nsw.gov.au).

During 2015–16, the EPA received one request for an internal review under Part 5 of the PPIP Act and this was not completed by 30 June 2016.

## Government information (public access)

The EPA has certain annual reporting obligations under sections 7(3), 21 and 125 of the *Government Information (Public Access) Act 2009* (GIPA Act). The Government Information (Public Access) Regulation 2009 (GIPA Regulation) also requires the inclusion of relevant information in the Annual Report.

### Review of proactive release program

Under section 7(3) of the GIPA Act and clause 7(a) of the GIPA Regulation, agencies must review their program for the release of government information to identify the kinds of information that can be made publicly available. This review must be undertaken at least once every 12 months.

The EPA program for the proactive release of information requires each of the agency's divisions to look at information that has been informally released or formally requested under the GIPA Act, as well as information held that may be of interest to members of the public that can be proactively released and made available for public use.

As a result of the review, information was proactively released on the EPA website, including a number of guidelines on risk-based licensing. Information was also published about the Williamstown RAAF Base contamination; environment protection licences, approvals and correspondence; vapour recovery; air quality information; and details about other functions carried out by the EPA. Below are a few examples:

Air Pollution in the Sydney Basin – video – [www.epa.nsw.gov.au/air/index.htm](http://www.epa.nsw.gov.au/air/index.htm)

Native Forestry Environmental Compliance Priorities 2015–16 –  
[www.epa.nsw.gov.au/publications/forestagreements/160099-Forestry-ECP-2015-16.htm](http://www.epa.nsw.gov.au/publications/forestagreements/160099-Forestry-ECP-2015-16.htm)

Koala habitat mapping pilot –  
[www.epa.nsw.gov.au/publications/forestagreements/koala-habitat-mapping-pilot-160038.htm](http://www.epa.nsw.gov.au/publications/forestagreements/koala-habitat-mapping-pilot-160038.htm)

Information and fact sheets about lead, including Arabic and Chinese translations –  
[www.epa.nsw.gov.au/pesticides/lead-safety.htm](http://www.epa.nsw.gov.au/pesticides/lead-safety.htm)

Regular EPA public consultation on various issues –  
<https://engage.environment.nsw.gov.au/EPAconsult>

Information about the Williamstown RAAF Base contamination –  
[www.epa.nsw.gov.au/MediaInformation/williamtown.htm](http://www.epa.nsw.gov.au/MediaInformation/williamtown.htm)

Native forestry details – [www.epa.nsw.gov.au/vegetation/nativeforestry.htm](http://www.epa.nsw.gov.au/vegetation/nativeforestry.htm)

Details about management, use and disposal of chemicals and pesticides –  
[www.epa.nsw.gov.au/pesticides/index.htm](http://www.epa.nsw.gov.au/pesticides/index.htm)

### Statistical information on access applications

Under clause 7 of the GIPA Regulation, statistical information must be provided about the formal access applications received by the EPA under section 9 of the GIPA Act, during the current reporting year.

#### Number of access applications received: clause 7(b)

During the reporting period, the EPA received 72 applications for access (including withdrawn applications, but not invalid applications). A total of 13 applications were initially assessed as being invalid. Twelve of these subsequently became valid and these 12 have been included in the total number of applications received.

### Number of applications refused under Schedule 1: clause 7(c)

During the reporting period, the EPA refused two applications in part, because the information requested was information referred to in Schedule 1 to the GIPA Act.

### Statistical information about access applications: clause 7(d) and Schedule 2

**Table A: Applications by type of applicant and outcome\***

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/ deny whether information held	Application withdrawn
Media	5	2	0	0	0	1	1	0
Members of Parliament	0	1	0	0	0	1	0	0
Private sector business	5	3	0	1	0	2	0	0
Not-for-profit organisations or community groups	4	4	0	0	0	0	0	0
Members of the public – application by legal representative	9	3	0	4	0	0	0	1
Members of the public – other	5	7	0	3	0	2	0	3

\* More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision.

**Table B: Applications by type of application and outcome\***

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/ deny whether information held	Application withdrawn
Personal information applications**	0	0	0	0	0	0	0	0
Access applications (other than personal information applications)	28	20	0	8	0	6	1	4
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0

\* More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision.

\*\* A 'personal information application' is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual).

**Table C: Invalid applications**

Reason for invalidity	Applications
Application does not comply with formal requirements (section 41 of the Act)	13
Application is for excluded information of the agency (section 43 of the Act)	0
Application contravenes restraint order (section 110 of the Act)	0
Total number of invalid applications received	13
Invalid applications that subsequently became valid	12

**Table D: Conclusive presumption of overriding public interest against disclosure – matters listed in Schedule 1 to the Act**

	Times consideration used*
Overriding secrecy laws	0
Cabinet information	1
Executive Council information	0
Contempt	0
Legal professional privilege	1
Excluded information	0
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	0

\* More than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration must be recorded (but only once per application).

**Table E: Other public interest considerations against disclosure – matters listed in table to section 14 of the Act**

	Occasions when application not successful*
Responsible and effective government	5
Law enforcement and security	1
Individual rights, judicial processes and natural justice	15
Business interests of agencies and other persons	2

\* More than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration must be recorded (but only once per application).

**Table F: Timeliness**

	Applications
Decided within the statutory timeframe (20 days plus any extensions)	61
Decided after 35 days (by agreement with applicant)	6
Not decided within time (deemed refusal)	0
<b>Total</b>	<b>67</b>

**Table G: Applications reviewed under Part 5 of the Act (by type of review and outcome)**

	Decision varied	Decision upheld	Total
Internal review	1	2	3
Review by Information Commissioner*	0	2	2
Internal review following recommendation under section 93 of Act	0	0	0
Review by ADT	0	0	0
<b>Total</b>	<b>1</b>	<b>4</b>	<b>5</b>

\* The Information Commissioner does not have the authority to vary decisions, but can make recommendations to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made.

**Table H: Applications for review under Part 5 of the Act (by type of applicant)**

	Applications for review
Applications by access applicants	3
Applications by persons to whom information the subject of access application relates (section 54 of the Act)	2

**Table I: Applications transferred to other agencies under Division 2 of Part 4 of the Act (by type of transfer)**

	Applications transferred
Agency-initiated transfers	1
Applicant-initiated transfers	0

## Other statutory reporting requirements

### Shared governance and essential services

The Office of Environment and Heritage (OEH) provides corporate and essential services to the EPA.

The following EPA statutory reporting requirements are covered by a shared service arrangement and will be reported in *OEH Annual Report 2015–16*:

- work health and safety
- personnel policies and practices
- industrial relations policies and practices
- disability inclusion action plan
- multicultural policies and services program
- workforce diversity
- agreements with Multicultural NSW
- digital information security.

## Work health and safety

OEH provides EPA work health and safety services within the shared governance and essential services agreement. Further information may be sourced from *OEH Annual Report 2015–16*.

### EPA claims and reports

	2013–14	2014–15	2015–16
Number of incidents, accidents and injuries reported	121	77	57
Number of workers' compensation claims made	3	3	4
Value of worker's compensation claims*	\$237,301	\$36,027	\$58,372

\* Based on net incurred

## Government resource efficiency

The EPA has continued to progress delivery of the Government Resource Efficiency Policy (GREP) through the agency's Sustainability Program. GREP contains actions, targets and minimum standards for resource efficiency in NSW Government operations.

OEH delivered its first GREP report for OEH and the EPA in 2015. This report tracks both agencies' progress towards the energy efficiency target and includes a statement of compliance and resource consumption from 2012–15. The full GREP report is available on the OEH website: [www.environment.nsw.gov.au/publications/whoweare/resource-efficiency-report-oeh-2014-15-160479.htm](http://www.environment.nsw.gov.au/publications/whoweare/resource-efficiency-report-oeh-2014-15-160479.htm).

## Overseas travel

Name	Purpose of visit (summary)	Dates
Matthew Corradin	Travel to USA to attend the Advanced Environmental Crimes Training Program	5–7 July 2015
Scott Ensbey	Environmental risk assessment at Lord Howe Island	14–16 March 2016
Matthew James	Travel to Idaho, USA to discuss practical management techniques associated with historical smelting operations	6–15 June 2016



# Financial performance

## Budgets

### Total recurrent operating expenses

Original 2015–16 Budget	\$158.1 million
Revisions	Nil
<b>Final 2015–16 Budget</b>	<b>\$158.1 million</b>
Original 2016–17 Budget	\$169.8 million
Revisions	Nil
<b>Final 2016–17</b>	<b>\$169.8 million</b>

The adjustments to the budget first approved were nil.

The reasons for the increase between the budgets of 2015–16 and 2016–17 are:

- new enhancement funding for gas industry regulation
- the response to the contamination from the Williamtown RAAF Base
- the Broken Hill lead initiative
- resources to address the backlog in assessing contaminated sites
- the transfer between financial years of expenditure and related government funding for a number of projects, namely 'Gas industry regulation and compliance', Environmental Trust projects, 'Organics Fund' and *Waste Less, Recycle More* initiatives.

The 2016–17 capital expenditure budget is \$5.0 million. This is primarily to enhance the EPA's online stakeholder engagement capabilities, including online licensing and an improved mobile workforce, as well as coal seam gas technical and regulatory training equipment.

## Expenditure

### Exceptional movements in wages, salaries and allowances

There were no exceptional movements in wages, salaries or allowances in 2015–16. All increases to wages, salaries or allowances have been consistent with NSW Government wages policy.

### Certification of credit card use

The EPA has a credit card program and policy in place, which is consistent with the NSW Government's policy, as outlined in relevant Treasury Circulars and Treasurer's Directions. The NSW Treasury issued a policy requiring the use of credit cards for all transactions up to \$5000. Since the policy was issued, the EPA has increased its use of credit cards.

Credit cards are mainly used for stores, travel, minor repairs and maintenance, consumables, training and conferences, and small-value items. The EPA has rigorous management measures in place to minimise credit card misuse, including stringent delegations, card limits, systems controls, review and reporting. No incidents of credit card fraud by EPA staff were reported during 2015–16.

Each direct report to the CEO has certified that their branch's use of corporate credit cards is in accordance with the EPA guidelines. The EPA Chair and CEO certifies that credit card use in the EPA has been in accordance with NSW Government requirements.

## Investment performance

The EPA does not borrow or invest with the NSW Treasury Corporation (TCorp) and has no investment performance to report here.

## Liability management performance

The EPA has not accrued any debt greater than \$20 million as required to be disclosed under annual reporting requirements.

## Land disposal

As the EPA does not own any land, it had none to dispose of in 2015–16.

## Implementation of price determination

The EPA is not subject to a determination or recommendation of the tribunal under section 18(4) of the *Independent Pricing and Regulatory Tribunal Act 1992*.

## Consultants

### Consultancies of \$50,000 or more: 2015–16

Consultant	Category	Product description	Cost
Office of Environment and Heritage	Environmental	Threatened Ecological Communities Mapping	\$559,412
BIOLINK Pty Ltd	Environmental	Baseline Koala Survey Analysis and Reporting	\$66,273
NSW Department of Primary Industries	Environmental	NSW North Coast Koala Habitat Modelling	\$54,545
Subtotal	3		\$680,230

### Consultancies of less than \$50,000: 2015–16

Category	Number	Product description	Cost
Environmental	32	n/a	\$261,195
<b>Total consultancies</b>	<b>35</b>	–	<b>\$941,425</b>

## Disclosure of subsidiaries

The EPA had no subsidiaries in 2015–16.

## Major assets acquired (other than land holdings)

There were no major retirements of property, plant and equipment (PPE) assets during the year. The total of the EPA's PPE assets was \$6.39 million at 30 June 2016.

## Production costs of the Annual Report

Costs associated with the production of this report have been covered by the Office of Environment and Heritage under the OEH–EPA Service Agreement 2015–16.

## Major works in progress

Major works in progress at 30 June 2016	Cost to date \$'000	Cost overrun	Estimated date of completion
Regulatory and communication system enhancement	1,729	Nil	2017

No significant cost overruns or delays occurred during 2015–16. No projects were cancelled.

## Account payment performance

### Aged analysis at the end of each quarter

Quarter	Current (within due date)	Less than 30 days overdue	Between 30 and 60 days overdue	Between 61 and 90 days overdue	More than 90 days overdue
<b>All suppliers</b>					
September	\$13,129,944	\$307,328	\$92,426	\$1,622	\$799,572
December	\$12,744,931	\$229,049	\$339,298	\$46,000	\$9,544
March	\$9,625,874	\$664,519	\$97,743	\$1,365	\$719,752
June	\$24,744,909	\$2,748,225	\$109,984	\$52,626	\$41,998
<b>Small business suppliers</b>					
September	\$227,074	–	–	–	–
December	\$420,215	–	–	–	–
March	\$230,324	\$1,697	–	–	–
June	\$991,096	\$3,723	\$5,280	–	\$7,920

### Accounts due or paid within each quarter

Measure	Sep 2015	Dec 2015	Mar 2016	Jun 2016
<b>All suppliers</b>				
Number of accounts due for payment	3,451	4,371	2,960	3,341
Number of accounts paid on time	3,381	4,274	2,773	2,921
Actual percentage of accounts paid on time (based on number of accounts)	98.0%	97.8%	93.8%	87.4%
Dollar amount of accounts due for payment	\$14,330,891	\$13,368,822	\$11,109,253	\$27,697,743
Dollar amount of accounts paid on time	\$13,129,944	\$12,744,931	\$9,625,874	\$24,744,909

Actual percentage of accounts paid on time (based on dollar amount)	91.6%	95.3%	86.6%	89.3%
Number of payments for interest on overdue accounts	–	–	–	–
Interest paid on overdue accounts	–	–	–	–
<b>Small business suppliers</b>				
Number of accounts due for payment	27	49	33	64
Number of accounts paid on time	27	49	31	60
Actual percentage of accounts paid on time (based on number of accounts)	100%	100%	93.9%	93.8%
Dollar amount of accounts due for payment	\$227,074	\$420,215	\$232,022	\$1,008,019
Dollar amount of accounts paid on time	\$227,074	\$420,215	\$230,324	\$991,096
Actual percentage of accounts paid on time (based on dollar amount)	100%	100%	99.3%	98.3%
Number of payments for interest on overdue accounts	–	–	–	2
Interest paid on overdue accounts	–	–	–	289

## Grants

The EPA offers a broad selection of grants to government, business and the community to help reduce waste generation, combat illegal dumping, increase the capacity for recycling and encourage environmental awareness and good practice.

All waste grant funding comes from recurrent EPA funding unless stated otherwise below.

### Major programs grants

#### Regional Illegal Dumping Squads and programs

The Regional Illegal Dumping (RID) Squads are funded under the *Waste Less, Recycle More* initiative. RID Squads specialise in dealing with illegal dumping and illegal landfilling in regional areas. Grant funding is provided by the EPA and matched by member councils who work together and pool resources to tackle illegal dumping across local government areas. This is a three-year program until 2017 with funding on a milestone basis.

During 2015–16, total payments were \$2,173,000.

Recipients	Grants approved
Bankstown City Council	\$1,195,000
Kiama Municipal Council	\$812,000
Penrith City Council	\$166,000
<b>Total</b>	<b>\$2,173,000</b>

### Combatting Illegal Dumping: Clean-Up and Prevention – Round 2

Grants under the Combatting Illegal Dumping: Clean-Up and Prevention Program support local government, public land managers and community groups to identify illegal dumping sites and implement prevention and clean-up action on publicly managed land. Projects awarded under this program run for 12 months.

During 2015–16, total payments were \$291,785. This includes payments for grants approved in 2014–15. The table below shows grants approved during 2015–16 totalling \$1,519,009.

Recipients	Grants approved
Ashfield Municipal Council	\$20,000
Central Darling Shire Council	\$20,000
Central West Off Road Bicycle Club	\$49,560
Cobar Shire Council	\$20,000
Dubbo City Council	\$47,000
Forbes Shire Council	\$20,000
Goulburn–Mulwaree Council	\$19,999.30
Greater Taree City Council	\$70,000
Griffith City Council	\$128,643.18
Gunnedah Shire Council	\$55,000
Hornsby Shire Council	\$20,000
Lachlan Shire Council	\$20,000
Lake Macquarie City Council	\$97,200
Lithgow City Council	\$20,000
Liverpool Plains Shire Council	\$17,250
Maitland City Council	\$19,465
Manly Council	\$20,000
Midwest Regional Waste Forum (Mid North Coast Councils)	\$20,000
National Parks and Wildlife Service, Office of Environment and Heritage (Lakes Area)	\$20,000
National Parks and Wildlife Service, Office of Environment and Heritage (Lower Hunter Area)	\$81,000
National Parks and Wildlife Service, Office of Environment and Heritage (Lower Hunter Area)	\$10,000
Northern Sydney Regional Organisation of Councils	\$20,000
NSW Trade and Investment, Crown Lands	\$4,500

NSW Trade and Investment, Crown Lands	\$19,660
Parkes Shire Council	\$20,000
Port Stephens Council	\$32,000
Port Stephens Council	\$100,000
Riverina and Murray Regional Organisation of Councils – Riverina Waste Group	\$20,000
Riverina and Murray Regional Organisation of Councils – Voluntary Waste Management Group	\$20,000
Riverina Eastern Regional Organisation of Councils	\$20,000
Shoalhaven City Council	\$134,000
Sutherland Shire Council	\$40,000
Tamworth Regional Council	\$20,000
Waverley Council	\$20,000
Wellington Council	\$75,000
Wingecarribee Shire Council	\$138,232
Wyong Shire Council	\$40,000
<b>Total</b>	<b>\$1,519,009.48</b>

### Combatting Illegal Dumping: Clean-Up and Prevention – Round 3

During 2015–16, total payments were \$673,714. This includes payments for grants approved in 2014–15. The table below show grants approved during 2015–16 totalling \$1,338,446.

Recipients	Grants approved
Byron Shire Council	\$20,000
Camden Shire Council	\$20,000
Cessnock City Council	\$133,600
City of Wagga Wagga	\$123,870
Cowra Shire Council	\$56,269
Hornsby Shire Council	\$38,950
Lake Macquarie City Council	\$75,952
Maitland City Council	\$68,000
Murray Local Land Services	\$20,000
National Parks and Wildlife Service, Office of Environment and Heritage (Lower Hunter Area)	\$55,810
National Parks and Wildlife Service, Office of Environment and Heritage (Lower Hunter Area)	\$150,000
North East Waste (North Coast Councils)	\$125,850
NSW Land and Housing Corporation, Family and Community Services	\$84,145
Penrith City Council	\$50,000
Port Stephens Council	\$110,000
Port Stephens Council	\$45,000



Shoalhaven City Council	\$121,000
Walgett Shire Council	\$20,000
Wollondilly Shire Council	\$20,000
<b>Total</b>	<b>\$1,338,446</b>

### Aboriginal Land Clean-Up and Prevention Program: Round 2

The Aboriginal Land Clean-Up and Prevention Program is funded under the NSW EPA's *Waste Less, Recycle More* initiative and provides funding to local Aboriginal Land Councils to help clean up illegally dumped waste on private Aboriginal land and deter further dumping. Successful programs are completed over a 12-month period.

During 2015–16, total payments were \$103,697, including for grants approved the previous year. Grants approved in 2015–16 totalled \$172,828 as shown below.

Recipients	Grants approved
Bega Local Aboriginal Land Council	\$23,533
Cobowra Local Aboriginal Land Council	\$45,483
Gandangara Local Aboriginal Land Council	\$50,000
Gugin Gudduba Local Aboriginal Land Council	\$28,072
Worimi Local Aboriginal Land Council	\$25,740
<b>Total</b>	<b>\$172,828</b>

### Organics Market Development Grants

The Organics Market Development Grants Program is providing \$3 million over two years to support the long-term expansion of the market for recycled organics in NSW. The development of new markets and expansion of existing markets will support an increase in the supply of food and garden organics generated through other grants programs under the *Waste Less, Recycle More* initiative.

Grants are awarded through two streams:

- Stream 1 – Product Quality is open continuously for applications for grants of between \$10,000 and \$50,000 to fund projects that will improve product quality and/or understanding of the benefits of quality product. Approximately 15% of the funding is available under this stream.
- Stream 2 – Market Development offers contestable grants of between \$50,000 and \$500,000 over two rounds (if sufficient funds are available) for projects that will develop new markets or expand existing markets for recycled organics. Approximately 85% of the total funding is available under this stream.

Projects awarded under this program may run over multiple financial years. Payments are made on a milestone basis with a total payment of \$1,145,078.28 in 2015–16, which includes payments for grants approved in 2014–15. Grants to the value of \$2,359,786 were approved in 2015–16.

Recipients	Grants approved
<b>Stream 1</b>	
Agenviro Solutions Pty Ltd	\$11,000
Australian Organics Recycling Association	\$20,000
Australian Organics Recycling Association	\$49,960

Australian Soil Management Pty Ltd	\$50,000
Mike Ritchie & Associates Pty Ltd	\$46,836
Mike Ritchie & Associates Pty Ltd	\$11,990
<b>Total Stream 1</b>	<b>\$189,786</b>
<b>Stream 2</b>	
Agenviro Solutions Pty Ltd	\$350,000
Australian Soil Management	\$313,742
Greater Sydney Local Land Services	\$454,750
Mememe Productions Pty Ltd	\$303,200
Mike Ritchie & Associates Pty Ltd	\$279,646
Mike Ritchie & Associates Pty Ltd	\$210,160
NSW Department of Primary Industries	\$176,352
The Hills Bark Blower	\$82,150
<b>Total Stream 2</b>	<b>\$2,170,000</b>
<b>Total</b>	<b>\$2,359,786</b>

### Alternative Waste Treatment: Mixed Waste Organic Output Trials

Alternative waste treatment (AWT) is the term used in Australia to identify waste treatment plants that mechanically and biologically process and treat mixed or unsegregated waste. In its simplest form, the process involves the removal of hazardous materials (such as gas bottles and car batteries), the recovery of recyclable materials (such as paper, glass and metals) and biological stabilisation (through composting) of the remaining organic fraction.

This organic output is then used as a soil amendment in a number of land application situations, including agriculture, forestry and the rehabilitation of mine sites.

This grant program is funding the following four specific projects over four years to better understand the nature and risks of using mixed waste-derived compost and its potential impacts on agricultural lands:

- assessing the impacts of physical contaminants in mixed waste organic outputs on the soil environment
- a large-scale field trial assessing the impacts of mixed waste organic outputs using field-based crop/soil responses
- assessing the toxicity of mixed waste organic output leachate
- assessing the behaviour of mixed waste organic outputs on different NSW soils.

During 2015 –16, this amounted to a total of \$200,000 in payments.

Recipient	Grant approved
CSIRO Land and Water: Microplastics in mixed waste organic outputs	\$200,000
<b>Total</b>	<b>\$200,000</b>

### UNSW Co-Op Scholarship

The University of New South Wales (UNSW) Co-op Program is a career development scholarship that gives scholars an opportunity to gain experience through multiple industry placements with leading companies.

Since 2006, the EPA's Waste and Resource Recovery Branch has contributed to this program by working with UNSW Co-op scholars in the fields of chemical engineering and

industrial chemistry and, more recently, environmental engineering. The EPA sponsors four students for two six-week and two six-month periods over four years. The agency also has access to honours students and selected academic groups to conduct research on issues of interest. The current program commenced on 1 January 2015.

During 2015–16, payment of \$18,500 was made to UNSW (the second of four payments over the duration of the program).

## Litter reduction

### Council Litter Prevention Grants: Round 2

Council Litter Prevention Grants support local councils to deliver litter prevention projects that answer local community needs. These projects play an important role in achieving the Premier's Priority to reduce the volume of litter in NSW by 40% by 2020.

Grant projects apply an integrated approach to litter prevention using education, enforcement, better infrastructure and evaluation tools. Grant recipients use the EPA's *Hey Tosser!* litter campaign materials to educate the community and Local Litter Check to measure results. Projects awarded under this program may run over multiple financial years.

Grants for Round 2 Council Litter Prevention were awarded in 2014–15, with nearly all expenditure in that year. A total of \$8109 in payments to recipients were made this year.

Recipients	Grants paid
Canterbury City Council	\$3,109
Manly Council	\$2,500
Wyong Shire Council	\$2,500
<b>Total</b>	<b>\$8,109</b>

### Council Litter Prevention Grants: Round 3

During 2015–16, 18 grants awarded were awarded for Round 3 of this program to 17 councils. A total of \$523,946 in payments to recipients were made during 2015–16.

Recipients	Grants approved
Albury City Council	\$31,494
Blacktown City Council	\$125,000
Camden Council	\$43,900
Canterbury–Bankstown Council	\$150,100
City of Canada Bay	\$38,100
Coffs Harbour City Council	\$26,390
Cumberland Council	\$50,545
Eurobodalla Shire Council	\$59,350
Kempsey Shire Council	\$125,000
Penrith City Council	\$30,000
Port Stephens Council	\$80,000
Port-Macquarie–Hastings Council	\$116,000
Queanbeyan–Palerang Regional Council	\$87,575
Randwick City Council	\$125,000

The Hills Shire Council	\$65,000
Waverley Council	\$92,000
Wollondilly Shire Council	\$43,871
<b>Total</b>	<b>\$1,289,325</b>

### Community Litter Prevention Grants: Round 3

Community Litter Prevention Grants fund community-based projects that target local litter hot spots and build partnerships. The grants empower local communities to take action in their neighbourhoods.

A grant was awarded to Keep NSW Beautiful in 2015–16 to administer the program on behalf of the EPA and provide grant funding to community groups. The grant will be expended over multiple years. A total of \$362,996 was paid in 2015–16.

Recipient	Grant approved
Keep NSW Beautiful	\$756,417
<b>Total</b>	<b>\$756,417</b>

### Litter: Regional Implementation Grants

The Litter: Regional Implementation Program is designed to provide financial aid to local councils and waste groups. The program is a result of regional waste strategies identifying litter priorities and the need for development and implementation of litter prevention plans at a regional scale. All 15 Regional Waste Groups in NSW received \$20,000 each and have developed Regional Litter Plans to identify regional litter priorities and develop regional litter projects. Regional litter projects will also be funded in 2016–17.

In 2015–16, the EPA paid \$300,000 in grants under this program.

Recipients	Grants paid
Canberra Region Joint Organisation of Councils	\$20,000
Hunter Councils Inc.	\$20,000
Illawarra Pilot Joint Organisation of Councils (formerly Southern Councils Group)	\$20,000
Macarthur Regional Organisation of Councils	\$20,000
Midwaste Regional Waste Forum (Mid North Coast Councils)	\$20,000
NetWaste Regional Councils Waste Group (areas west of the Blue Mountains to Broken Hill)	\$20,000
North East Waste (North Coast Councils)	\$20,000
Northern Inland Regional Waste group of councils	\$20,000
Northern Sydney Regional Organisation of Councils	\$20,000
Riverina and Murray Regional Organisation of Councils – Murray	\$20,000
Riverina and Murray Regional Organisation of Councils – Riverina	\$20,000
Riverina Eastern Regional Organisation of Councils	\$20,000
Shore Regional Organisation of Councils	\$20,000
Southern Sydney Regional Organisation of Councils	\$20,000
Western Sydney Regional Organisation of Councils	\$20,000
<b>Total</b>	<b>\$300,000</b>

## Sustainable Waste in Aboriginal Communities Demonstration Project

In 2014–15, the EPA joined with the Australian Packaging Covenant to jointly fund a pilot project in Aboriginal communities in Bourke and Enngonia. The project aims to deliver long-term improvements in the management of waste in discrete Aboriginal communities, involving household waste services, litter and illegal dumping.

Payments are made on a milestone basis. A total of \$20,000 in milestone payments were made in 2015–16.

Recipient	Grant paid
Waste Aid Ltd	\$20,000
<b>Total</b>	<b>\$20,000</b>

## Business Recycling Fund

### Bin Trim Business Grant Program: Round 2

Bin Trim Business Grants provide funding to waste experts to conduct 'bin trim' waste assessments for small and medium-sized business which identify opportunities to increase recycling and reduce waste to landfill.

Grant milestone payments in 2015–16 amounted to \$3,452,613, including an additional final milestone payment for a grant awarded in the previous round of the program.

Recipients	Grants paid
Albury City Council	\$137,500
Burwood Council	\$97,500
City of Canada Bay Council	\$67,255
Cleanaway Operations Pty Ltd	\$200,000
Cool Planet Pty Ltd	\$200,000
Edge Environment Pty Ltd	\$199,654
Energy Conservation	\$119,713
Ethnic Communities Council of NSW	\$99,834
Eurobodalla Shire Council	\$75,000
Handybin Waste Services	\$146,093
Hunternet Co-operative Pty Ltd	\$140,000
Hurstville City Council	\$90,000
KMH Environmental Pty Ltd	\$150,000
Mike Ritchie & Associates Pty Ltd	\$200,000
North East Waste (North Coast Councils)	\$72,345
Queanbeyan Business Enterprise Centre Inc.	\$199,725
Rana Environmental	\$116,882
Shore Regional Organisation of Councils	\$100,553
Solo Resource Recovery	\$62,500
Sydney Waste Services	\$163,818
Tourism Accommodation Australia	\$75,044

URM Group Pty Ltd	\$200,000
Waste Audit & Consultancy Services	\$126,000
Wastefree Pty Ltd	\$101,012
Watts Waste Pty Ltd	\$141,969
Waverley Council (from Round 1)	\$20,216
Willoughby Council–Better Business Partnership	\$150,000
<b>Total</b>	<b>\$3,452,613</b>

### Bin Trim Rebates Program

In 2015–16, Bin Trim rebates totalling \$595,597.91 were awarded to NSW small-to-medium enterprises (SME). The Bin Trim Rebates Program is supported by the NSW Environmental Trust and funds small-scale recycling infrastructure and equipment to help divert SME waste materials from landfill by improving source-separation of recyclables, reducing waste and increasing recycling in the workplace. Rebates of between \$1000 and \$50,000 were available to fund up to 50% of the cost of equipment.

Milestone payments to recipients run over multiple financial years. The table shows the 43 rebates awarded during 2015–16. Actual payments to recipients amounted to \$296,552 for the year.

Recipients	Grants approved
ABC Castings	\$50,000
About Life	\$43,000
Access Industries for the Disabled	\$5,355.55
ANZ Stadium	\$20,150
Australian BioResources	\$38,251
Australian Workstation Manufacturers	\$9,483.50
Big4 Solitary Islands Resort	\$6,832
Central Waste Station	\$50,000
Charter Hall Holdings	\$3,162.50
Cowper Smash Repairs	\$5,770
Endeavour Industries, Goulburn	\$3,531.75
FoodBoss	\$7,000
Galluzzo's Fruit Market	\$3,900
Grafton District Services Club	\$4,344.50
Guardian Early Learning Centres	\$2,197.74
Handybin Waste Services – Coffs Coast Waste Services	\$45,348.40
Harvey Norman, Bennetts Green	\$7,616.50
Hunter Self Storage	\$9,250
Illawarra Area Childcare	\$1,026.51
Infinitus Group	\$14,559
JobQuest	\$2,431.82
Juice & Co	\$3,898.50



Lemon Grove Shopping Centre	\$1,636.43
McDonalds Tamworth East	\$8,495
McDonalds Tamworth South	\$8,495
McDonalds Tamworth West	\$8,495
Mirvac Harbourside Shopping Centre	\$41,850
Recycling Technologies Group	\$12,904
Royal Prince Alfred Yacht Club	\$1,285
Salmon & Bear	\$1,000
Smart Earth Recycling	\$38,381.86
Southern Cross Care	\$4,344.50
Strata Choice	\$6,106.35
Sustainable Salons Australia	\$17,614.54
Sydney Markets Ltd	\$25,000
The Glass-Lab	\$4,895
Tip Top 'n' Tidy Waste Services	\$49,500
Trueform Frames and Trusses	\$1,910
Warilla Bowls and Recreation Club	\$3,102.30
Warrigal Care	\$2,765.76
Woonona Woonona–Bulli RSL Club	\$1,002.90
Wrapaway	\$2,995
Yumaro Incorporated	\$16,710
<b>Total</b>	<b>\$595,597.91</b>

### Australian Packaging Covenant

The Australian Packaging Covenant is a co-regulatory scheme between industry, the Commonwealth and state governments to reduce the environmental impacts of packaging by increasing recycling, reducing litter and improving packaging design. The EPA contributes to the delivery of grants to increase recycling and reduce litter that are administered by the Australian Packaging Covenant. Projects awarded under this program run over more than one financial year.

The table below shows grants approved during 2015–16.

Recipients	Grants approved
Kiama Municipal Council	\$41,700
Waste Aid Ltd	\$219,045
<b>Total</b>	<b>\$260,745</b>

### Circulate Industrial Ecology Grant Program

Circulate is a four-year, \$4.2-million program designed to support business networks across NSW. Recipients develop synergies with similar industries to identify waste reuse and recycling projects, increase efficiency and save money by reducing waste sent to landfill.

Projects focus on increasing the reuse of a wide variety of materials, including timber pallets and offcuts, organics, plastics, packaging and demolition building waste. When complete,

projects funded in the first two rounds of grants are expected to divert up to 86,900 tonnes of waste from landfill.

The EPA works closely with grant recipients to ensure the wisdom gained from projects is shared across industry. By promoting the uptake of industrial ecology projects, the EPA is helping to move NSW toward a circular economy.

Round 2 funding of \$973,757 was allocated to seven industrial ecology projects during 2015–16, including \$448,533 in payments.

Recipients	Grants approved
Advitech Pty Ltd	\$87,650
Cross Connections Consulting	\$150,400
Edge Environment: Building Operational Waste	\$182,000
Edge Environment: Organics, Contaminated Plastic and Timber	\$110,000
Stephen Mitchell Associates	\$143,225
WildBlue Global Consulting	\$153,000
Zerro	\$147,482
<b>Total</b>	<b>\$973,757</b>

## Improving systems for household problem wastes

### Regional Household Chemical CleanOut Program

The Household Chemical CleanOut program is conducted by the EPA in the Sydney Metropolitan, Illawarra, Central Coast and Hunter regions. In rural regional NSW, funding support is provided to Voluntary Regional Waste Groups to deliver collection events where householders can dispose of their hazardous wastes for safe disposal or recycling free of charge. The regional delivery of the service in rural areas provides statewide coverage so that all householders have access to the program.

Below are the details of grants approved and payments made during 2015–16.

Recipients	Grants approved
Midwaste Regional Waste Forum (Mid North Coast Councils)	\$50,000
NetWaste Regional Waste Group (areas west of the Blue Mountains to Broken Hill)	\$339,000
North East Waste (North Coast Councils)	\$35,000
Northern Inland Regional Waste	\$49,224
South East Region	\$247,500
<b>Total</b>	<b>\$720,724</b>

### Community Recycling Centres

The Community Recycling Centres Program aims to establish permanent facilities across NSW where householders can drop off their problem waste free of charge all year round.

To date, 101 Community Recycling Centres and Mobile Units have been funded through grants administered by the NSW Environmental Trust. In addition to the infrastructure grants, the EPA provides funding to these councils to support community and education activities, the use of branded signage, tablets for online reporting, and safety cabinets for hazardous materials and spill kits for Community Recycling Centres.

Reported below are the details of grants approved and payments made for community education, signage and reporting tablet reimbursements during 2015–16.

Recipients	Grants approved
Bathurst Regional Council	\$1,364
Bega Valley Shire Council	\$11,500
Bland Shire Council	\$914
Campbelltown City Council	\$10,000
Cessnock City Council	\$10,000
City of Canada Bay	\$10,000
Coffs Harbour City Council	\$300
Coolamon Shire Council	\$854
CRC dangerous goods safety cabinets and spill kits	\$481,291
Dubbo City Council	\$902
Gilgandra Shire Council	\$1,126
Glen Innes–Severn Council	\$3,545
Gloucester Shire Council	\$1,195
Greater Hume Shire Council	\$725
Gunnedah Shire Council	\$9,512
Holroyd, Parramatta and Auburn Councils	\$34,025
Hornsby Shire Council	\$10,000
Illawarra Group of Councils	\$50,000
Inverell Shire Council	\$6,108
Junee Shire Council	\$780
Kempsey Shire Council	\$11,935
Leichhardt Municipal Council	\$15,806
Lismore City Council	\$8,080
Lockhart Shire Council	\$1,595
Maitland City Council	\$10,000
Marrickville Municipal Council	\$10,000
Midwest Regional Waste Forum (Mid North Coast Councils)	\$57,000
Muswellbrook Shire Council	\$11,046
Nambucca Shire Council	\$997
Narrabri Shire Council	\$1,375
NetWaste Regional Waste Group (areas west of the Blue Mountains to Broken Hill)	\$50,550
North East Waste (North Coast Councils)	\$68,624
Northern Inland Regional Waste group of councils	\$8,101
Penrith City Council	\$10,000
Port Stephens Council	\$10,000

Randwick City Council	\$10,000
Riverina and Murray Regional Organisation of Councils	\$77,698
Riverina Eastern Regional Organisation of Councils	\$138,480
Shore Regional Organisation of Councils	\$40,000
Shore Regional Organisation of Councils	\$50,000
Singleton Shire Council	\$17,107
South East Waste group of councils	\$50,000
Tamworth Regional Council	\$3,899
Temora Shire Council	\$984
Tumut Shire Council	\$839
Urana Shire Council	\$1,114
Wingecarribee Shire Council	\$1,640
<b>Total</b>	<b>\$1,311,011</b>

## Local government programs

A grand total of \$21,298,000 in payments were made under local government programs in 2015–16.

### Better Waste and Recycling Fund

The Better Waste and Recycling Fund aims to help local councils make it easier for their communities to reduce the waste they send to landfill and recycle more. The fund supports a broad range of projects that improve recycling and community engagement, reduce waste generation, tackle litter and illegal dumping and contribute to achieving the targets in *NSW Waste Avoidance and Resource Recovery Strategy 2014–21*. This grant is available to local councils and regional groups of councils in the waste levy-paying area.

Payments for 2015–16 were made to 81 participating organisations and totalled \$17.2 million.

### Regional Coordination and Strategy Support Program Greater Sydney

This program provides funding over four years to regional organisations of councils in Sydney, the Hunter and Illawarra regions to support the development and implementation of regional waste strategies and fund regional coordinators. Regional coordinators assist the EPA and local councils to deliver projects under the *Waste Less, Recycle More* initiative and undertake regional waste and recycling priority projects. Funding and projects under this program run over four financial years to July 2017, with payments made on a milestone basis.

The table below shows grant funding paid during 2015–16 totalled \$1.2 million.

### Regional coordination and strategy support for rural and regional NSW

This program provides funding to groups of councils in rural and regional NSW to support the development of regional waste strategies, fund regional coordinators and undertake locally relevant waste and recycling projects. Projects awarded under this program run over four financial years.

The table below shows grants approved during 2014–15, with payments made on a milestone basis. During 2015–16, these amounted to a total of \$2,730,000.

## Waste Aid partnership for sustainable waste management in discrete Aboriginal communities across NSW

This program provides funding to Waste Aid for the development of a plan for sustainable waste management in discrete Aboriginal communities, two pilot programs and a dedicated NSW project coordinator. This amounted to a total of \$168,000 in payments.

### Better Waste and Recycling Fund

Recipients	Grants approved
Ashfield Municipal Council	\$130,787.29
Auburn City Council	\$204,433.21
Ballina Shire Council	\$125,450.63
Bankstown City Council	\$417,912.81
Bellingen Shire Council	\$71,931.81
Blacktown City Council	\$658,834.88
Blue Mountains City Council	\$196,649.96
Burwood Council	\$114,106.46
Byron Shire Council	\$107,180.08
Camden Council	\$166,627.48
Campbelltown City Council	\$338,171.07
Canterbury City Council	\$327,488.35
Cessnock City Council	\$149,837.67
City of Canada Bay Council	\$207,325.16
Clarence Valley Council	\$143,692.99
Coffs Harbour City Council	\$182,693.83
Council of the City of Sydney	\$408,412.05
Dungog Shire Council	\$64,471.76
Fairfield City Council	\$426,280.47
Gloucester Shire Council	\$57,124.45
Gosford City Council	\$368,638.90
Great Lakes Council	\$116,011.88
Greater Taree City Council	\$139,564.59
Hawkesbury City Council	\$170,133.89
Holroyd City Council	\$252,391.76
Hunter Councils Inc.	\$176,583.17
Hurstville City Council	\$207,236.84
Illawarra Pilot Joint Organisation (formerly Southern Councils Group)	\$124,945.59
Kempsey Shire Council	\$102,950.21
Kogarah City Council	\$161,296.45
Ku-ring-gai Council	\$271,442.13

Kyogle Council	\$65,700.69
Lake Macquarie City Council	\$425,094.76
Lane Cove Municipal Council	\$111,659.87
Leichhardt Municipal Council	\$155,386.67
Lismore City Council	\$131,655.44
Liverpool City Council	\$414,870.54
Macarthur Regional Organisation of Councils	\$75,191.49
Maitland City Council	\$185,792.48
Manly Council	\$130,894.40
Marrickville Council	\$202,847.25
Midwest Regional Waste Forum (Mid North Coast Councils)	\$85,486.15
Mosman Municipal Council	\$104,119.01
Muswellbrook Shire Council	\$79,442.59
Nambucca Shire Council	\$84,474.84
Newcastle City Council	\$345,715.68
North East Waste (North Coast Councils)	\$82,864.08
North Sydney Council	\$177,902.11
Northern Sydney Regional Organisation of Councils	\$167,795.58
Parramatta City Council	\$394,702.10
Penrith City Council	\$405,612.19
Pittwater Council	\$164,413.89
Port Macquarie-Hastings Council	\$191,647.77
Port Stephens Council	\$177,313.95
Randwick City Council	\$315,193.36
Richmond Valley Council	\$90,525.56
Rockdale City Council	\$248,300.94
Ryde City Council	\$259,261.77
Shellharbour City Council	\$175,175.53
Shoalhaven City Council	\$231,355.17
Shore Regional Organisation of Councils	\$82,264.16
Singleton Council	\$92,408.43
Southern Sydney Regional Organisation of Councils	\$464,413.33
Strathfield Municipal Council	\$119,856.53
Sutherland Shire Council	\$467,179.22
The Council of the City of Botany Bay	\$129,128.04
The Council of the Municipality of Hunters Hill	\$75,007.90
The Council of the Municipality of Kiama	\$87,327.32
The Council of the Shire of Hornsby	\$361,316.02



The Hills Shire Council	\$392,712.12
Tweed Shire Council	\$217,111.54
Upper Hunter Shire Council	\$75,306.68
Warringah Council	\$334,597.01
Waverley Council	\$180,641.85
Western Sydney Regional Organisation of Councils	\$460,456.45
Willoughby City Council	\$185,243.78
Wingecarribee Shire Council	\$136,197.23
Wollondilly Shire Council	\$134,770.99
Wollongong City Council	\$433,428.59
Woollahra Municipal Council	\$156,158.98
Wyong Shire Council	\$343,470.15
<b>Subtotal</b>	<b>\$17,200,000</b>

### Regional Coordination and Strategy Support Program Greater Sydney

Recipients	Grants approved
Hunter Councils Inc.	\$40,000
Illawarra Pilot Joint Organisation (formerly Southern Councils Group)	\$40,000
Northern Sydney Regional Organisation of Councils	\$160,000
Shore Regional Organisation of Councils	\$120,000
Western Sydney Regional Organisation of Councils	\$840,000
<b>Subtotal</b>	<b>\$1,200,000</b>

### Regional coordination and strategy support for rural and regional NSW

Recipients	Grants approved
Canberra Regional Joint Organisation	\$340,542
Midwaste Regional Waste Forum (Mid North Coast Councils)	\$320,071
NetWaste Regional Councils Waste Group (areas west of the Blue Mountains to Broken Hill)	\$636,495
North East Waste (North Coast Councils)	\$309,493
Northern Inland Regional Waste group of councils	\$346,679
Riverina and Murray Regional Organisation of Councils – Murray	\$289,930
Riverina and Murray Regional Organisation of Councils – Riverina	\$207,158
Riverina Eastern Regional Organisation of Councils	\$279,632
<b>Subtotal</b>	<b>\$2,730,000</b>

### Waste Aid partnership for sustainable waste management in discrete Aboriginal communities across NSW

Recipient	Grants approved
Waste Aid Ltd	\$168,000
<b>Subtotal</b>	<b>\$168,000</b>
<b>Total</b>	<b>\$21,298,000</b>

## Recycling Innovation Fund

### E-Waste Transitional Package

In 2014, the NSW Government established the one-off E-Waste Transitional Package of \$1.5 million to help eligible e-waste recyclers safely remove and lawfully recycle stockpiles of cathode ray tube glass (CRT glass) from old televisions and computer monitors. CRT glass contains high levels of lead that can pose significant health and environmental risks if not managed properly. These stockpiles had accumulated during implementation of the National Television and Computer Recycling Scheme. Most of this package was used to recycle approximately 3400 tonnes of CRT glass.

With \$375,000 in funds remaining in the package, a new stockpile of approximately 2400 tonnes of CRT glass waste was discovered abandoned on three properties in the Nowra area, the result of a failed e-waste recycling operation.

The EPA and Shoalhaven City Council worked with the landowners to find a cost-effective solution that ensured the environment and human health were protected. The CRT was lawfully removed and transported to a specifically designed disposal cell at the council's West Nowra Recycling and Waste Facility.

The payment reported below to Shoalhaven City Council was a contribution towards the construction of the disposal cell. The program is now closed.

Recipient	Grant approved
Shoalhaven City Council	\$180,197
<b>Total</b>	<b>\$180,197</b>

## Contaminated Land Management Program

### Regional Capacity Building Program

Regional Capacity Building grants are designed to provide capacity and assistance for the management of contaminated sites in regional and rural NSW. Each grantee was approved for a grant of \$150,000 per year for three years. In 2014–15, three grantees were awarded these grants. However when the Mid North Coast Regional Organisation of Councils was unable to employ the specialist required until 2015, their first yearly payment was awarded to Hunter Councils Inc. instead.

During 2015–16, a total of \$450,000 in payments was made to three groups with specialists employed in the four areas.

Initial recipients	Grant approved over three years
Bathurst, Orange and Dubbo (BOD) and Alliance Partners	\$450,000
Hunter Councils Inc.	\$150,000 (for one year)
Mid North Coast Regional Organisation of Councils	\$450,000 (reduced to \$300,000)

Riverina Eastern Regional Organisation of Councils (REROC) and Riverina and Murray Regional Organisation of Councils (RAMROC)	\$450,000
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### NSW Government response to Williamtown contamination

Years of firefighting training at the RAAF Base at Williamtown resulted in chemical contamination spreading off the base to a surrounding area. In December 2015, the NSW Government approved funding over two years to respond to the contamination issue. As the lead agency on the contamination issue, the EPA is managing the funding to other government agencies and the following grants were paid in 2015–16 to these agencies:

Recipient agencies	Grants approved
Office of Chief Scientist and Engineer: for staffing costs that support the work of the Expert Panel established to provide informed scientific advice to the EPA on the potential health and environmental impacts from the contamination. Funding also covers commissioned studies that are essential to support the activities of the Expert Panel.	\$311,000
Department of Health: to provide mental health counselling and support services at Williamtown	\$120,000
Office of Environment and Heritage: for an independent review by Professor Mark Taylor into the EPA's management of contaminated land as a result of the contamination issue at the Williamtown RAAF Base	\$136,500
Department of Primary Industries (DPI): to provide sampling and laboratory analysis by specialist laboratories engaged by DPI (Fisheries) and DPI (Food Authority) of fish, prawns, oysters, groundwater and surface water as well as additional staffing costs	\$1,320,000
Office of Environment and Heritage: to purchase, set up, train and operate a liquid chromatography-mass spectrometer (LCMS) and related instrumentation to undertake PFOS/PFOA chemical analysis of soil, water, biota and milk	\$445,820
<b>Total</b>	<b>\$2,333,320</b>

### Derelict underground petroleum storage systems in council road reserves

These grants are designed to assist councils to clean up derelict underground petrol storage tanks situated on council property. During 2015–16, this amount totalled \$857,760 grant payments, which included payments for grants approved in 2014–15.

Recipients	Grants approved
Greater Taree City Council	\$275,000
Gunnedah Shire Council	\$119,390
Nambucca Shire Council	\$240,000
Warrumbungle Shire Council	\$240,000
<b>Total</b>	<b>\$874,390</b>

### Council gasworks

The Council Gasworks Grants Scheme is designed to assist councils investigate and remediate former gasworks facilities they operated in the past. During 2015–16, this totalled \$336,507 in grant payments.

Recipients	Grants approved
Cowra Shire Council	\$67,286
Parkes Shire Council	\$200,000
Wingecarribee Shire Council	\$69,221
<b>Total</b>	<b>\$336,507</b>

## Weighbridge Fund

The Weighbridge Fund assists recycling facilities to install weighbridges in order to facilitate the collection and payment of the Waste and Environment Levy. Weighbridge infrastructure will ensure better quantification of waste and support improved environmental performance at waste and recycling facilities. Projects awarded under this program run over more than one financial year.

The table shows grants approved during 2015–16, with payments made on a milestone basis. During 2015–16, total payments to all grant recipients amounted to \$1,089,471.

Recipients	Grants approved
Apex Rubber	\$40,000.00
Awesome Rubber	\$55,570.00
Benedict Recycling	\$32,500.00
Blue Mountains Council	\$59,070.00
BSV Tyre	\$45,060.00
Dungog Shire Council	\$65,080.00
Empire Bins	\$43,472.00
Gow Street Recycling Centre	\$75,000.00
GR & KD O'Keeffe Pty Ltd	\$50,335.00
H. Hassarati & Co.	\$59,235.00
Handybin Waste Services Pty Ltd (Wilson Waste)	\$33,950.00
Jet Group Australia	\$57,470.00
McLennan Earthmoving	\$47,075.00
Phillips Skip Bins	\$37,151.00
Renew Rubber	\$75,000.00
Shoalhaven Excavations	\$63,138.21
Skipmaster	\$34,730.00
Upper Hunter Shire Council: Aberdeen Waste Facility	\$79,080.00
Upper Hunter Shire Council: Merriwa Waste Facility	\$79,080.00
Upper Hunter Shire Council: Scone Landfill	\$81,330.00
W and J Lee Property Investments Pty Ltd (t/a Combined Skips)	\$39,750.00
Wingecarribee Shire Council	\$75,000.00
<b>Total</b>	<b>\$1,228,076.21</b>

## Wood Smoke Reduction Project: Upper Hunter

The Wood Smoke Reduction Project in the Upper Hunter aims to reduce the impact of wood smoke on local communities in Muswellbrook and Singleton. A \$52,000 grant was made to Singleton Council for joint administration of a region-specific program, consisting of an education campaign, advice on behaviour change promoting more efficient heating, and financial incentives for chimney cleaning and the replacement of old wood heaters with a cleaner form of heating.

## Broken Hill Environmental Lead Program: Home Remediation Program

This grant funding is provided for a home remediation program for children with significantly elevated blood-levels and significant risks identified in the home environment.

Recipient	Grant approved
Maari Ma Health Aboriginal Corporation	\$29,407

## Sponsorships

Organisation/ conference sponsored	Amount (excluding GST)	Details
40th EHA National Conference	\$5,000	The EPA sponsors overseas speakers to attend the Environmental Health Australia National Conference.
6th Australian Landfill and Transfer Station Conference and Expo 2015	\$15,000	Sponsorship of this conference provides an opportunity for the EPA to share information about best practice landfill management and policies and engage with key stakeholders.
Australasian Waste and Recycling Expo 2016	\$22,310	AWRE attracts exhibitors and industry professionals from across Australia, NZ, Asia, the UK and North America looking for innovative ways to collect, sort and process waste from the municipal, commercial and construction sectors. The format of the event is a seminar program and trade show, comprising a series of panel discussions and workshops.
Australian Organics Recycling Association National Conference	\$11,000	Each year AORA hosts an awards night to acknowledge outstanding achievements in the organics industry. This sponsorship provides the EPA with branding opportunities on the AORA website and in event ads and banners as well as being recognised in the award names. The EPA sponsors the awards and the conference separately and promotes the Organics Infrastructure (Large and Small) Grants Scheme at the event.
Blue Star Sustainability Awards	\$7,400	The EPA sponsors the <i>Hey Tosser!</i> Litter Action Award and the <i>Waste Less, Recycle More</i> Award as part of the Keep NSW Beautiful Blue Star Awards.

Indigenous Internship Program	\$30,000	As part of its response to the NSW Government's Aboriginal Employment Initiative, the EPA paid a sponsorship fee to CareerTrackers, a not-for-profit agency, to source undergraduates for short-term appointments to the agency during university breaks. The two-year program targets undergraduates finishing their university studies in Sydney and gives them an opportunity to join the EPA as permanent staff once they have graduated. The EPA is one of the first NSW Government agencies to partner with CareerTrackers and views this as a great shared opportunity for gaining learning and knowledge by both parties. Under the agreement, the EPA employed two interns in the 2015–16 summer break, recruited two in the 2016 winter break and will employ three more in the summer break of 2016–17.
International Composting Awareness Week 2016	\$4,000	ICAW aims to increase awareness of the benefits of compost and encourage the uptake of composting products in the community. This sponsorship allows the EPA to align itself with an established and international initiative in the organics industry.
International Society for Environmental Epidemiology Conference 2017	\$25,000	The EPA is sponsoring the society's annual scientific conference in Sydney in 2017. The conference will provide opportunities for discussion, critical review, collaboration and education on issues related to environmental exposures and their effects on human health.
Keep NSW Beautiful Litter Congress	\$45,045	The congress is an annual conference devoted to litter prevention that brings together practitioners and experts from around Australia.
Landfill operators course	\$5,000	This TAFE training course assists local council landfill operators to improve management of their local landfills. The reduced cost of the course due to EPA sponsorship makes it more cost-effective for small councils with tricky landfills and resourcing issues.
Local Government NSW 2015 Conference	\$35,000	The conference provides an opportunity to strengthen ties with local council decision-makers and increase local government investment in waste reduction and resource recovery initiatives.  The EPA Waste and Resource Recovery Branch sponsored the Excellence in the Environment Award categories, including Waste Avoidance and Reuse, Organics and Resource Recovery, Waste Education and Communication.



No Time to Waste Conference	\$8,000	This conference is organised by the Riverina Eastern Regional Organisation of Councils and is held at Wagga Wagga. It is aimed at regional and rural councils across NSW, showcasing successful waste and recycling projects and focusing on regional challenges.
The Fifth Estate: Office Waste – A guide for our future	\$7,000	<i>The Fifth Estate</i> is an online business newspaper for the sustainable built environment. This sponsorship allowed the EPA to promote the Bin Trim Rebates Program within a new Office Waste and Recycling eBook and on The Fifth Estate website.
Waste 2016 Conference, Coffs Harbour	\$14,545	Sponsorship of this conference provides an opportunity for the EPA to share information about <i>Waste Less, Recycle More</i> programs and policies and engage with key stakeholders.
Waste Contractors and Recyclers Association Annual Industry Update 2016	\$6,500	The WCRA Industry Update is an annual event which the EPA has co-sponsored since 2008. This sponsorship demonstrates the EPA's ongoing commitment to supporting this industry sector which is a key stakeholder group. WCRA has around 180 member organisations, representing about 95% of the waste management and recycling industry in NSW. The association is active in delivering waste management awareness programs to its members. The association assists the EPA via regular updates to members about the latest in policies, programs and training.
Waste NSW 2016 Natural Disasters, Risk Management Conference	\$10,000	Sponsorship of this inaugural conference provides an opportunity for the EPA to share information about the management of natural disasters and engage with key stakeholders.
<b>Total</b>	<b>\$250,801</b>	

# Environment Protection Authority financial statements

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## ENVIRONMENT PROTECTION AUTHORITY

### Financial Statements

#### For the year ended 30 June 2016

Pursuant to Section 41C of the *Public Finance and Audit Act 1983*, we state that:

- a) the accompanying financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the applicable clauses of the Public Finance and Audit Regulation 2015, Australian Accounting Standards, the Financial Reporting Code for NSW General Government Sector Entities and the Treasurer's Directions;
- b) the statements exhibit a true and fair view of the financial position and transactions of the Authority; and
- c) there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

  
Barry Buffier AM  
Chair and Chief Executive Officer, EPA

13 September 2016

  
Chris Knoblanche AM  
EPA Board Member

13 September 2016



## INDEPENDENT AUDITOR'S REPORT

### Environment Protection Authority

To Members of the New South Wales Parliament

#### Opinion

I have audited the accompanying financial statements of Environment Protection Authority (the EPA), which comprise the statement(s) of financial position as at 30 June 2016, the statement(s) of comprehensive income, the statement(s) of changes in equity and the statement(s) of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the EPA and the consolidated entity. The consolidated entity comprises the EPA and the entities it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the EPA and the consolidated entity as at 30 June 2016, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

#### Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report.

I am independent of the EPA and the consolidated entity in accordance with the auditor independence requirements of:

- Australian Auditing Standards
- ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (the Code).

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **The Board's Responsibility for the Financial Statements**

The members of the Board are responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act and for such internal control as the members of the Board determines is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Board must assess the ability of the EPA and the consolidated entity to continue as a going concern unless operations will be dissolved by an Act of Parliament or otherwise cease. The assessment must include, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

### **Auditor's Responsibility for the Audit of the Financial Statements**

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A further description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the EPA or the consolidated entity carried out their activities effectively, efficiently and economically
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented.



Caroline Karakatsanis  
Director, Financial Audit Services

22 September  
SYDNEY

## Beginning of audited financial statements

# Environment Protection Authority

## Consolidated Statement of Comprehensive Income

### For the year ended 30 June 2016

	Notes	Consolidated			Environment Protection Authority	
		Actual 2016 \$'000	Budget 2016 \$'000	Actual 2015 \$'000	Actual 2016 \$'000	Actual 2015 \$'000
<b>Expenses excluding losses</b>						
<b>Operating expenses</b>						
Employee related	2a	67,588	66,965	59,764	–	–
Personnel services expenses	2a	–	–	–	67,588	59,764
Other operating expenses	2b	52,839	52,956	44,368	52,839	44,368
Depreciation and amortisation	2c	1,488	1,256	424	1,488	424
Grants and subsidies	2d	38,928	36 963	34,201	38,928	34,201
<b>Total expenses excluding losses</b>		<b>160,843</b>	<b>158,140</b>	<b>138,757</b>	<b>160,843</b>	<b>138,757</b>
<b>Revenue</b>						
Sales of goods and services	3a	3,753	2,472	469	3,753	469
Investment revenue	3b	30	118	640	30	640
Retained taxes, fees and fines	3c	19,563	18,662	19,073	19,563	19,073
Grants and contributions	3d	139,659	131,832	122,876	139,659	122,876
Acceptance by the Crown Entity of employee benefits and other liabilities	3e	4,953	3,492	4,272	4,953	4,272
Other revenue	3f	709	308	966	709	966
<b>Total revenue</b>		<b>168,667</b>	<b>156,884</b>	<b>148,296</b>	<b>168,667</b>	<b>148,296</b>
<b>Gain/(loss) on disposal</b>	4	(126)	–	(4)	(126)	(4)
<b>Net result</b>		<b>7,698</b>	<b>(1,256)</b>	<b>9,535</b>	<b>7,698</b>	<b>9,535</b>
<b>Other comprehensive income</b>						
Items that will not be reclassified to net result						
Net increase/(decrease) in property, plant and equipment revaluation surplus	8	96	–	(10)	96	(10)
<b>Total comprehensive income</b>		<b>7,794</b>	<b>(1,256)</b>	<b>9,525</b>	<b>7,794</b>	<b>9,525</b>

The accompanying notes form part of these financial statements.

# Environment Protection Authority

## Consolidated Statement of Financial Position

### As at 30 June 2016

	Notes	Consolidated			Environment Protection Authority	
		Actual 2016 \$'000	Budget 2016 \$'000	Actual 2015 \$'000	Actual 2016 \$'000	Actual 2015 \$'000
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	6	22,408	7,424	16,599	22,408	16,599
Receivables	7	3,792	2,381	3,280	3,792	3,280
<b>Total current assets</b>		<b>26,200</b>	<b>9,805</b>	<b>19,879</b>	<b>26,200</b>	<b>19,879</b>
<b>Non-current assets</b>						
<b>Property, plant and equipment</b>						
Land and buildings	8	4,641	4,347	4,655	4,641	4,655
Plant and equipment	8	1,751	1,396	874	1,751	874
<b>Total property, plant and equipment</b>		<b>6,392</b>	<b>5,743</b>	<b>5,529</b>	<b>6,391</b>	<b>5,529</b>
Intangible assets	9	5,576	6,258	4,156	5,576	4,156
<b>Total non-current assets</b>		<b>11,968</b>	<b>12,001</b>	<b>9,684</b>	<b>11,967</b>	<b>9,684</b>
<b>Total assets</b>		<b>38,168</b>	<b>21,806</b>	<b>29,563</b>	<b>38,167</b>	<b>29,563</b>
<b>Liabilities</b>						
<b>Current liabilities</b>						
Payables	12a	6,789	3,928	6,702	6,789	6,702
Provisions	13	7,684	5,916	6,891	–	–
Other	12b	–	–	97	–	97
Payable to the EPA Staff Agency	13	–	–	–	7,684	6,891
<b>Total current liabilities</b>		<b>14,473</b>	<b>9,844</b>	<b>13,690</b>	<b>14,473</b>	<b>13,690</b>
<b>Non-current liabilities</b>						
Provisions	13	221	85	193	–	–
Payable to the EPA Staff Agency		–	–	–	221	193
<b>Total non-current liabilities</b>		<b>221</b>	<b>85</b>	<b>193</b>	<b>221</b>	<b>193</b>
<b>Total liabilities</b>		<b>14,694</b>	<b>9,929</b>	<b>13,883</b>	<b>14,694</b>	<b>13,883</b>
<b>Net assets</b>		<b>23,474</b>	<b>11,877</b>	<b>15,680</b>	<b>23,473</b>	<b>15,680</b>
<b>Equity</b>						
Reserves		1,049	701	953	1,049	953
Accumulated funds		22,425	11,176	14,727	22,425	14,727
<b>Total equity</b>		<b>23,474</b>	<b>11,877</b>	<b>15,680</b>	<b>23,475</b>	<b>15,680</b>

The accompanying notes form part of these financial statements.



Environment Protection Authority  
**Consolidated Statement of Changes in Equity**  
 For the year ended 30 June 2016

	Notes	Accumulated funds \$'000	Asset revaluation surplus \$'000	Total \$'000
<b>Balance at 1 July 2015</b>		<b>14,727</b>	<b>953</b>	<b>15,680</b>
<b>Net result for the year</b>		<b>7,698</b>	<b>–</b>	<b>7,698</b>
<b>Other comprehensive income:</b>				
Net increase/(decrease) in property, plant and equipment	8	–	96	96
<b>Total other comprehensive income</b>		<b>–</b>	<b>96</b>	<b>96</b>
<b>Total comprehensive income for the year</b>		<b>7,698</b>	<b>96</b>	<b>7,794</b>
Increase/(decrease) in net assets from equity transfers		–	–	–
<b>Balance at 30 June 2016</b>		<b>22,425</b>	<b>1,049</b>	<b>23,474</b>
<b>Balance at 1 July 2014</b>		<b>4,827</b>	<b>963</b>	<b>5,790</b>
<b>Net result for the year</b>		<b>9,535</b>	<b>–</b>	<b>9,535</b>
<b>Other comprehensive income:</b>				
Net increase/(decrease) in property, plant and equipment	8	–	(10)	(10)
<b>Total other comprehensive income</b>		<b>–</b>	<b>(10)</b>	<b>(10)</b>
<b>Total comprehensive income for the year</b>		<b>9,535</b>	<b>(10)</b>	<b>9,525</b>
<b>Transactions with owners in their capacity as owners</b>				
Increase/( decrease) in net assets from equity transfers		365	–	365
<b>Balance at 30 June 2015</b>		<b>14,727</b>	<b>953</b>	<b>15,680</b>

*The accompanying notes form part of these financial statements.*

# Environment Protection Authority

## Consolidated Statement of Cash Flows

For the year ended 30 June 2016

	Notes	Consolidated			Environment Protection Authority	
		Actual 2016 \$'000	Budget 2016 \$'000	Actual 2015 \$'000	Actual 2016 \$'000	Actual 2015 \$'000
<b>Cash flows from operating activities</b>						
<b>Payments</b>						
Employee related		(68,144)	(64,285)	(55,869)	–	–
Personnel services expenses		–	–	–	(68,144)	(55,869)
Grants and subsidies		(38,928)	(36,963)	(34,201)	(38,928)	(34,201)
Other*		(51,482)	(54,674)	(50,145)	(51,482)	(50,145)
<b>Total payments</b>		<b>(158,554)</b>	<b>(155,922)</b>	<b>(140,215)</b>	<b>(158,554)</b>	<b>(140,215)</b>
<b>Receipts</b>						
Grants and contributions		139,562	131,832	110,155	139,562	110,155
Sale of goods and services		3,873	2,472	489	3,873	489
Retained taxes, fees and fines		19,549	18,662	19,073	19,549	19,073
Interest received		337	118	809	337	809
Cash reimbursements from the Crown Entity**		1,392	–	1,192	1,392	1,192
Other		3,452	308	21,796	3,452	21,796
<b>Total receipts</b>		<b>168,165</b>	<b>153,392</b>	<b>153,514</b>	<b>168,165</b>	<b>153,514</b>
<b>Net cash flows from operating activities</b>	17	<b>9,611</b>	<b>(2,530)</b>	<b>13,299</b>	<b>9,611</b>	<b>13,299</b>
<b>Cash flows from investing activities</b>						
Purchases of intangible assets		(2,757)	(3,350)	(2,075)	(2,757)	(2,075)
Purchase of land and buildings, plant and equipment		(1,045)	(900)	(145)	(1,045)	(145)
<b>Net cash flows from investing activities</b>		<b>(3,802)</b>	<b>(4,250)</b>	<b>(2,220)</b>	<b>(3,802)</b>	<b>(2,220)</b>
<b>Net increase/(decrease) in cash</b>		<b>5,809</b>	<b>(6,780)</b>	<b>11,079</b>	<b>5,809</b>	<b>11,079</b>
Opening cash and cash equivalents		16,599	14,204	5,520	16,599	5,520
<b>Closing cash and cash equivalents</b>	6	<b>22,408</b>	<b>7,424</b>	<b>16,599</b>	<b>22,408</b>	<b>16,599</b>

\* Includes payment to OEH for corporate and other specialist support

\*\* Includes reimbursement of long service leave

*The accompanying notes form part of these financial statements.*

## Notes to and forming part of the financial statements for the period ended 30 June 2016

### 1. Summary of significant accounting policies

#### (a) Reporting entity

The Environment Protection Authority (EPA), a NSW Government entity, is constituted under Section 5 of the *Protection of the Environment Administration Act 1991* as a statutory body corporate. The EPA is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The EPA is consolidated as part of the NSW total State Sector Accounts.

The EPA as a reporting entity comprises the Environment Protection Authority Staff Agency (the Staff Agency), an entity under its control. The Staff Agency's objective is to provide personnel services to the EPA.

In the process of preparing the consolidated financial statements for the economic entity, consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated, and like transactions and other events are accounted for using uniform accounting policies.

The Staff Agency is a Division of the Government Service responsible to the Minister for the Environment established under the Administrative Arrangements Order 2014 (the Order), dated 29 January 2014. Under the Order, the former Office of the Environment Protection Authority became the Staff Agency.

The EPA is responsible for licensing and regulating air emissions, contaminated sites, hazardous materials, including dangerous goods, noise, pesticides, forestry activities, waste, water quality and state of the environment reporting.

Administered activities undertaken on behalf of the Crown Entity are consolidated in the Crown Entity Accounts.

These consolidated financial statements for the period ended 30 June 2016 have been authorised for issue by the Chair and Chief Executive Officer, EPA on 13 September 2016.

#### (b) Basis of preparation

The EPA's financial statements are general purpose financial statements which have been prepared on an accruals basis and in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and Public Finance and Audit Regulation 2015
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

Property, plant and equipment is measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

#### (c) Statement of compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

**(d) Administered activities**

The EPA administers, but does not control, certain activities on behalf of the Crown Entity. It is accountable for the transactions relating to those administered activities but does not have the discretion to deploy the resources for the achievement of the EPA's own objectives.

Transactions and balances relating to the administered activities are not recognised as the EPA's income, expenses, assets and liabilities, but are disclosed in the accompanying schedules as 'Administered income', 'Administered expenses', 'Administered assets' and 'Administered liabilities'.

The accrual basis of accounting and applicable accounting standards have been adopted.

**(e) Insurance**

The EPA's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claims experience.

**(f) Accounting for the goods and services tax (GST)**

Income, expenses and assets are recognised net of the amount of GST, except that the:

- amount of GST incurred by the EPA as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

**(g) Income recognition**

Income is measured at the fair value of the consideration or contribution received or receivable. Comments regarding the accounting policies for the recognition of income are discussed below.

**(i) Grants and contributions**

Grants and contributions are recognised as income when the entity obtains control over the assets comprising grant and contributions. Control over grants and contributions is normally obtained upon the receipt of cash.

**(ii) Sale of goods**

Revenue from the sale of goods is recognised as revenue when the EPA transfers the significant risks and rewards of ownership of the assets.

**(iii) Rendering of services**

Revenue is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).

**(iv) Investment revenue**

Interest revenue is recognised using the effective interest method as set out in *AASB 139 Financial Instruments: Recognition and Measurement*.

**(h) Assets****(i) Acquisitions of assets**

Assets acquired are initially recognised at cost. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the

time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration during the year, are initially recognised at their fair value at the date of acquisition (see also assets transferred as a result of an equity transfer – Note 1(k)).

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent: i.e. deferred payment amount is effectively discounted over the period of credit.

## **(ii) Capitalisation thresholds**

Property, plant and equipment and intangible assets costing \$5000 and above individually (or forming part of a network costing more than \$5000) are capitalised.

## **(iii) Revaluation of property, plant and equipment**

Physical non-current assets are valued in accordance with the *Valuation of Physical Non-current Assets at Fair Value Policy and Guidelines Paper* (TPP 14-01). This policy adopts fair value in accordance with AASB 13 *Fair Value Measurement* and AASB 116 *Property, Plant and Equipment*. Refer to Note 8.

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and take into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer to Note 10 and Note 19 for further information regarding fair value.

Revaluations shall be made with sufficient regularity to ensure the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The EPA conducts a comprehensive revaluation at least every three years for its land and buildings. The last comprehensive revaluation was completed on 30 June 2015 and was based on an independent assessment.

Interim revaluations are conducted between comprehensive revaluations where cumulative changes to indicators suggest fair value may differ materially from the carrying value. An interim management revaluation was completed as at 30 June 2016 as a result of a cumulative increase in indicators of 1.81%.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value. The entity has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

When revaluing non-current assets using the cost approach, the gross amount and the related accumulated depreciation are separately restated.

For other assets valued using other valuation techniques, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset

accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to the asset revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the net result, the increment is recognised immediately as revenue in the net result.

Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the revaluation surplus in respect of the same class of asset, they are debited directly to the revaluation surplus.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation surplus in respect of that asset is transferred to accumulated funds.

#### **(iv) Impairment of property, plant and equipment**

As a not-for-profit entity with no cash-generating units, impairment under *AASB 136 Impairment of Assets* is unlikely to arise. As property, plant and equipment is carried at fair value, impairment can only arise in the rare circumstances where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that *AASB 136* modifies the recoverable amount test for non-cash-generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

#### **(v) Depreciation of property, plant and equipment**

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write-off the depreciable amount of each asset as it is consumed over its useful life to the EPA.

All material separately identifiable components of assets are depreciated over their shorter useful lives.

The following depreciation rates have been adopted:

- Plant and equipment 10–25%
- Buildings 2%
- Amortisation of intangible assets – software 25%

#### **(vi) Major inspection costs**

When each major inspection is performed, the labour cost of performing major inspections for faults is recognised in the carrying amount of an asset as a replacement of a part, if the recognition criteria is satisfied.

#### **(vii) Maintenance**

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

#### **(viii) Leased assets**

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and rewards.

Where a non-current asset is acquired by means of a finance lease, at the commencement of the lease term, the asset is recognised at its fair value or, if lower, the present value of the minimum lease payments, at the inception of the lease. The corresponding liability is



established at the same amount. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

#### **(ix) Intangible assets**

The EPA recognises intangible assets only if it is probable that future economic benefit will flow to the EPA and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

##### *Software*

The useful lives of software assets are assessed to be finite.

Software assets are subsequently measured at fair value only if there is an active market. As there is no active market for the EPA's intangible software assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

The EPA's software assets are amortised using the straight-line method over a period of four years for software.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

#### **(x) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost, or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

#### **(xi) Impairment of financial assets**

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

For financial assets carried at amortised cost, the amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the net result for the year.

When an available-for-sale financial asset is impaired, the amount of the cumulative loss is removed from equity and recognised in the net result for the year, based on the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment previously recognised in the net result for the year.

Any reversals of impairment losses are reversed through the net result for the year, where there is objective evidence. However, reversals of impairment losses on an investment in an equity instrument classified as 'available for sale' must be made through the revaluation surplus. Reversals of impairment losses of financial assets carried at amortised cost cannot

result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

## **(xii) De-recognition of financial assets and financial liabilities**

A financial asset is de-recognised when the contractual rights to the cash flows from the financial assets expire or if the EPA transfers the financial asset:

- where substantially all the risks and rewards have been transferred
- where the EPA has not transferred substantially all the risks and rewards, if the EPA has not retained control.

Where the EPA has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the EPA's continuing involvement in the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expire.

## **(i) Liabilities**

### **(i) Payables**

These amounts represent liabilities for goods and services provided to the EPA and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest are measured at the original invoice amount where the effect of discounting is immaterial.

### **(ii) Financial guarantee**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised as a liability at the time the guarantee is issued and initially measured at fair value plus, in the case of financial guarantees not at fair value through profit or loss, directly attributable transaction costs, where material. After initial recognition, the liability is measured at the higher of the amount determined in accordance with *AASB 137 Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised, less accumulated amortisation, where appropriate.

The EPA has reviewed its financial guarantees and determined that there is no material liability to be recognised for financial guarantee contracts as at 30 June 2016. However, refer to Note 15 regarding disclosures on contingent liabilities.

## **(iii) Employee benefits and other provisions**

### ***(a) Salaries and wages, annual leave, sick leave and on-costs***

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave is not expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with *AASB 119 Employee Benefits* (although short-cut methods are permitted). Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach using nominal annual leave plus annual leave on the nominal liability (using 7.9% of the nominal value of annual leave) can be used to

approximate the present value of the annual leave liability. The EPA has assessed the actuarial advice based on its circumstances and has determined that the effect of discounting is immaterial to annual leave.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

*(b) Long service leave and superannuation*

The EPA's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The EPA accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the nonmonetary revenue item described as 'Acceptance by the Crown Entity of employee benefits and other liabilities'.

Long service leave is measured at present value in accordance with AASB 119. This is based on the application of certain factors (specified in NSWTC 15-09) to employees with five or more years of service, using current rates of pay. These factors were determined on an actuarial review to approximate present value.

The superannuation expense for the financial year is determined using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes, (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employee's salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme) the expense is calculated as a multiple of the employees' superannuation contributions.

*(c) Consequential on-costs*

Consequential costs to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. This includes outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax.

**(j) Fair value hierarchy**

A number of the EPA's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, the EPA categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- Level 1 – quoted prices in active markets for identical assets/liabilities that the EPA can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3 – inputs that are not based on observable market data (unobservable inputs).

The EPA recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Refer to Note 10 and Note 19 for further disclosures regarding fair value measurements of financial and non-financial assets.

**(k) Equity and reserves**

**(i) Revaluation surplus**

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with the EPA's policy on the revaluation of property, plant and equipment as discussed in Note 1(h)(iii).

**(ii) Accumulated funds**

The category 'Accumulated funds' includes all current and prior period retained funds.

**(iii) Reserves**

Separate reserve accounts are recognised in the financial statements only if such accounts are required by specific legislation or Australian Accounting Standards (e.g. revaluation reserve).

**(l) Equity transfers**

The transfer of net assets between entities as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector entities and 'equity appropriations' are designated or required by the Accounting Standards to be treated as contributions by owners and recognised as an adjustment to 'accumulated funds'. This treatment is consistent with *AASB 1004 Contributions* and *Australian interpretation 1038 Contributions by Owners Made to Wholly-owned Public Sector Entities*.

Transfers arising from an administrative restructure involving not-for-profit and for-profit government entities are recognised at the amount at which the assets and liabilities were recognised by the transferor immediately prior to the restructure. Subject to below, in most instances this will approximate fair value.

All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised at (amortised) cost by the transferor because there is no active market, the EPA recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the EPA does not recognise that asset.

**(m) Budgeted amounts**

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget (e.g. adjustment for transfer of functions between entities as a result of Administrative Arrangements Orders) are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the primary financial statements is explained in Note 16.

**(n) Comparative information**

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

**(o) Changes in accounting policy, including new or revised Australian Accounting Standards**

The accounting policies applied in 2015–16 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have been applied for the first time in the year to 30 June 2016.

- AASB 2014-1 (Part D) regarding Regulatory Deferral Accounts
- AASB 2015-3 regarding withdrawal of AASB 1031 Materiality
- AASB 2015-4 regarding amendments to AASB 128 Investments in Associates and Joint Ventures relating to financial reporting requirements for Australian groups with a foreign parent

The impact of the Standards in the period of initial application has not resulted in a material impact on the financial statements.

### Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise. The following new Accounting Standards have not been applied and are not yet effective (NSW Treasury mandate TC 16/02):

- AASB 9 and AASB 2014-7 regarding financial instruments
- AASB 14 and AASB 2014-1(Part E) regarding regulatory deferral accounts
- AASB 15, AASB 2014-5 and AASB 2015-8 regarding revenue from contracts with customers
- *AASB 1056 Superannuation Entities*
- *AASB 1057 and AASB 2015-9 Application of Australian Accounting Standards*
- AASB 2014-3 regarding accounting for acquisitions of interests in joint operations
- AASB 2014-4 regarding acceptable methods of depreciation and amortisation
- AASB 2014-6 regarding bearer plants
- AASB 2014-9 regarding equity method in separate financial statements
- AASB 2014-10 and AASB 2015-10 regarding the sale or contribution of assets between an investor and its associate or joint venture
- AASB 2015-1 regarding annual improvements to Australian Accounting Standards 2012–2014 cycle
- AASB 2015-2 regarding amendments to AASB 101 (disclosure initiative)
- AASB 2015-5 Amendments to *Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception*
- AASB 2015-6 Amendments to *Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities*
- AASB 2015-7 Amendments to *Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities*.

These standards have been assessed for their possible impact on the financial statements, if any, in the period of their initial application. The assessment concluded that there will be no material impact. However additional disclosures are expected as a result of the application of AASB 2015-6 Amendments to *Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities*.

## 2. Expenses excluding losses

### (a) Employee related expenses and personnel services

	Consolidated		Environment Protection Authority	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Salaries and wages (including annual leave)	53,330	47,831	–	–
Superannuation – defined benefit plans	1,062	1,155	–	–
Superannuation – defined contribution plans	4,482	3,844	–	–
Long service leave	4,052	3,337	–	–
Workers' compensation insurance	191	166	–	–
Payroll tax and fringe benefits tax	3,478	2,999	–	–
Other	993	432	–	–
Personnel services expenses	–	–	67,588	59,764
	<b>67,588</b>	<b>59,764</b>	<b>67,588</b>	<b>59,764</b>

**(b) Other operating expenses**

	Consolidated		Environment Protection Authority	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Contractor – projects	3,652	2,296	3,652	2,296
Consultants	941	400	941	400
Maintenance*	414	326	414	326
Fees and services	19,012	14,157	19,012	14,157
Corporate support from OEH	16,211	16,271	16,211	16,271
Payments to NSW Government agencies	852	1,265	852	1,265
Stores and minor assets	807	430	807	430
Fleet costs	964	1,008	964	1,008
Operating lease rental expenses (minimum lease payments)	1,719	1,695	1,719	1,695
Insurance	130	192	130	192
Information dissemination	4,020	2,868	4,020	2,868
Travel costs	1,412	1,268	1,412	1,268
Other occupancy costs	620	571	620	571
Training	993	710	993	710
Communication costs	285	357	285	357
Legal costs	771	493	771	493
Auditor's remuneration (audit or review of the financial statements)	51	50	51	50
Impairment of assets and bad debts	49	–	49	–
Other	20	14	20	14
Expenses capitalised	(84)	(3)	(84)	(3)
	<b>52,839</b>	<b>44,368</b>	<b>52,839</b>	<b>44,368</b>

	2016 \$'000	2015 \$'000
<b>* Reconciliation – total maintenance</b>		
Maintenance expense – contracted labour and other (non-employee related), as above	414	326
<b>Total maintenance expenses included in Note 2(b)</b>	<b>414</b>	<b>326</b>

**(c) Depreciation and amortisation expense**

	Consolidated		Environment Protection Authority	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Depreciation</b>				
Buildings and improvements	110	108	110	108
Plant and equipment	120	106	120	106
Furniture and fittings	47	43	47	43
	<b>277</b>	<b>257</b>	<b>277</b>	<b>257</b>
Amortisation of intangibles	1,211	167	1,211	167
	<b>1,211</b>	<b>167</b>	<b>1,211</b>	<b>167</b>
	<b>1,488</b>	<b>424</b>	<b>1,488</b>	<b>424</b>

**(d) Grants and subsidies**

	Consolidated		Environment Protection Authority	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Federal Government	200	–	200	–
NSW Government	2,512	387	2,512	387
Local government	13,036	10,171	13,036	10,171
<i>Waste Less, Recycle More</i> payments	17,200	17,200	17,200	17,200
Rebates	297	103	297	103
Non-government organisations	5,683	6,340	5,683	6,340
	<b>38,928</b>	<b>34,201</b>	<b>38,928</b>	<b>34,201</b>

**3. Revenue****(a) Rendering of services**

	Consolidated		Environment Protection Authority	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Rendering of services</b>				
Minor fees and charges	3,753	469	3,753	469
	<b>3,753</b>	<b>469</b>	<b>3,753</b>	<b>469</b>



**(b) Investment revenue**

	Consolidated		Environment Protection Authority	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Interest revenue from financial assets not at fair value through profit or loss	30	640	30	640
	<b>30</b>	<b>640</b>	<b>30</b>	<b>640</b>

**(c) Retained taxes, fees and fines**

	Consolidated		Environment Protection Authority	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Fees</b>				
Licensing administration fees	19,549	19,020	19,549	19,020
	<b>19,549</b>	<b>19,020</b>	<b>19,549</b>	<b>19,020</b>
<b>Fines</b>				
Parking, court and other	14	53	14	53
<b>Total</b>	<b>19,563</b>	<b>19,073</b>	<b>19,563</b>	<b>19,073</b>

**(d) Grants and contributions**

	Consolidated		Environment Protection Authority	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Funding was provided by the Commonwealth and State Governments together with private and corporate sponsorship as follows:				
Federal Government	88	88	88	88
NSW Government – externally sourced funding	14,099	12,015	14,099	12,015
NSW Government – recurrent and capital funding	123,424	108,315	123,424	108,315
Non-government organisations	2,048	2,458	2,048	2,458
<b>Total</b>	<b>139,659</b>	<b>122,876</b>	<b>139,659</b>	<b>122,876</b>

**(e) Acceptance by the Crown Entity of employee benefits and other liabilities**

	Consolidated		Environment Protection Authority	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
The following liabilities and/or expenses have been assumed by the Crown Entity:				
Superannuation – defined benefit	1,062	1,155	–	–
Long service leave	3,839	3,061	–	–
Payroll tax on superannuation	52	56	–	–
Contributions by the Crown Entity	–	–	4,953	4,272
	<b>4,953</b>	<b>4,272</b>	<b>4,953</b>	<b>4,272</b>

**(f) Other revenue**

	Consolidated		Environment Protection Authority	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Insurance recoveries	6	72	6	72
Miscellaneous revenue	703	894	703	894
	<b>709</b>	<b>966</b>	<b>709</b>	<b>966</b>

**4. Gain/(loss) on disposal**

	Consolidated		Environment Protection Authority	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Written down value of current/non-current assets disposed of:				
Intangible assets	(126)	–	(126)	–
Plant and equipment	–	(4)	–	(4)
<b>Net (loss) on disposal</b>	<b>(126)</b>	<b>(4)</b>	<b>(126)</b>	<b>(4)</b>

**5. Service group of the Environment Protection Authority****Service Group Environment Protection and Regulation**

Service Description	Environment Protection Authority
	The EPA delivers credible, targeted and cost-effective regulatory services for environmental protection. It implements market-based programs, provides audit and enforcement programs and emergency services designed to reduce environmental impacts. It works closely with industry and local government to encourage proactive compliance with environmental regulations and implementation of waste programs.

## 6. Current assets – cash and cash equivalents

	Consolidated		Environment Protection Authority	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
For the purposes of the statement of cash flows, cash and cash equivalents include all of the following:				
Cash at bank and on hand	22,408	16,599	22,408	16,599
<b>Closing cash and cash equivalents (as per Statement of Cash Flows)</b>	<b>22,408</b>	<b>16,599</b>	<b>22,408</b>	<b>16,599</b>
Cash and cash equivalent assets recognised in the statement of financial position are reconciled at the end of the financial year to the statement of cash flows as follows:				
Cash and cash equivalents (per statement of financial position)	22,408	16,599	22,408	16,599
<b>Closing cash and cash equivalents (per Statement of Cash Flows)</b>	<b>22,408</b>	<b>16,599</b>	<b>22,408</b>	<b>16,599</b>

Refer to Note 11 for details on restricted cash balances.

## 7. Current assets – receivables

	Consolidated		Environment Protection Authority	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Sale of goods and services	1,170	613	1,170	613
Less: Allowance for impairment	(49)	–	(49)	–
Accrued income	1,370	1,442	1,370	1,442
GST	1,301	1,223	1,301	1,223
Other receivables	–	2	–	2
	<b>3,792</b>	<b>3,280</b>	<b>3,792</b>	<b>3,280</b>

	2016 \$'000
Balance at 1 July 2015	–
Movement in the allowance for impairment	49
<b>Balance at 30 June 2016</b>	<b>49</b>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 19.

## 8. Non-current assets – property, plant and equipment

Consolidated and parent	Buildings \$'000	Plant and equipment \$'000	Total \$'000
<b>At 30 June 2015 – fair value</b>			
Gross carrying amount	5,444	2,447	7,891
Accumulated depreciation and impairment	(789)	(1,574)	(2,363)
<b>Net carrying amount</b>	<b>4,655</b>	<b>873</b>	<b>5,529</b>
<b>At 30 June 2016 – fair value</b>			
Gross carrying amount	5,558	3,480	9,038
Accumulated depreciation and impairment	(917)	(1,729)	(2,646)
<b>Net carrying amount</b>	<b>4,641</b>	<b>1,751</b>	<b>6,392</b>

### Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the prior reporting period is set out below.

Consolidated and parent	Buildings \$'000	Plant and equipment \$'000	Total \$'000
<b>Year ended 30 June 2016</b>			
Net carrying amount at start of year	4,655	873	5,528
Additions	–	1,045	1,045
Disposals	–	–	–
Net revaluation increments less revaluation decrements	96	–	96
Depreciation expense	(110)	(167)	(277)
<b>Net carrying amount at end of year</b>	<b>4,641</b>	<b>1,751</b>	<b>6,392</b>

Consolidated and parent	Buildings \$'000	Plant and equipment \$'000	Total \$'000
<b>At 1 July 2014 – fair value</b>			
Gross carrying amount	5,434	2,476	7,910
Accumulated depreciation and impairment	(661)	(1,596)	(2,257)
<b>Net carrying amount</b>	<b>4,773</b>	<b>880</b>	<b>5,653</b>
<b>At 30 June 2015 – fair value</b>			
Gross carrying amount	5,444	2,447	7,891
Accumulated depreciation and impairment	(789)	(1,574)	(2,363)
<b>Net carrying amount</b>	<b>4,655</b>	<b>873</b>	<b>5,528</b>

## Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the prior reporting period is set out below.

Consolidated and parent	Buildings \$'000	Plant and equipment \$'000	Total \$'000
<b>Year ended 30 June 2015</b>			
Net carrying amount at start of year	4,733	880	5,653
Additions	–	146	146
Disposals	–	(4)	(4)
Net revaluation increment less revaluation decrements	(10)	–	(10)
Depreciation expense	(108)	(149)	(257)
<b>Net carrying amount at end of year</b>	<b>4,655</b>	<b>873</b>	<b>5,528</b>

## 9. Intangible assets

Consolidated and parent	Software \$'000	Capital work in progress \$'000	Total \$'000
<b>At 1 July 2015 – fair value</b>			
Cost (gross carrying amount)	4,682	862	5,544
Accumulated amortisation and impairment	(1,388)	–	(1,388)
<b>Net carrying amount</b>	<b>3,294</b>	<b>862</b>	<b>4,156</b>
<b>At 30 June 2016 – fair value</b>			
Cost (gross carrying amount)	6,445	1,729	8,174
Accumulated amortisation and impairment	(2,598)	–	(2,598)
<b>Net carrying amount</b>	<b>3,847</b>	<b>1,729</b>	<b>5,576</b>
<b>Year ended 30 June 2016</b>			
Net carrying amount at start of year	3,294	862	4,156
Additions	1,140	1,617	2,757
Transfer from work in progress	624	(624)	–
Amortisation (recognised in 'Depreciation and amortisation')	(1,211)	–	(1,211)
Write off on work in progress	–	(126)	(126)
<b>Net carrying amount at end of year</b>	<b>3,847</b>	<b>1,729</b>	<b>5,576</b>

Consolidated and parent	Software \$'000	Capital work in progress \$'000	Total \$'000
<b>At 1 July 2014 – fair value</b>			
Cost (gross carrying amount)	215	1,866	2,081
Accumulated amortisation and impairment	(198)	–	(198)
<b>Net carrying amount</b>	<b>17</b>	<b>1,866</b>	<b>1,883</b>
<b>At 30 June 2015 – fair value</b>			
Cost (gross carrying amount)	4,682	862	5,544
Accumulated amortisation and impairment	(1,388)	–	(1,388)
<b>Net carrying amount</b>	<b>3,294</b>	<b>862</b>	<b>4,156</b>
<b>Year ended 30 June 2015</b>			
Net carrying amount at start of year (1 July 2014)	17	1,867	1,883
Additions	1,213	862	2,075
Transfer from work in progress	1,867	(1,867)	–
Administrative restructuring*	365	–	365
Amortisation (recognised in 'Depreciation and amortisation')	(167)	–	(167)
<b>Net carrying amount at end of year</b>	<b>3,294</b>	<b>862</b>	<b>4,156</b>

\* Assets were transferred from the Office of Environment and Heritage as a consequence of administrative restructure.

## 10. Fair value measurement of non-financial assets

### (a) Fair value hierarchy

2016	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total fair value \$'000
<b>Property, plant and equipment (Note 8)</b>				
Buildings	–	–	4,641	4,641
Plant and equipment	–	–	–	–
<b>Total</b>	<b>–</b>	<b>–</b>	<b>4,641</b>	<b>4,641</b>

There were no transfers between Level 1 or 2 during the period.

### (b) Valuation techniques, inputs and processes

#### (i) Highest and best use

Non-financial assets are valued on a highest and best use basis.

#### (ii) Level 3 measurements

EPA non-financial assets classed as Level 3 in the fair value hierarchy are valued using a cost approach given that their use is specialised in nature and they are not actively traded in the marketplace. Cost has been derived using actual costs plus reference to industry costing guides based on the characteristics of the relevant asset.

Full external valuations are conducted at least every three years. The last valuation for buildings was conducted in 2014–15. The fair value of Level 3 assets are adjusted annually for movement in relevant publicly available indexes. The EPA engages independent, qualified valuers with appropriate experience in the relevant Level 3 category to conduct external valuations.

Annual movements in industry costing guides or relevant indexes will result in corresponding changes to the fair value of EPA Level 3 assets.

**(c) Reconciliation of recurring Level 3 fair value measurements**

2016	Buildings \$'000	Total recurring Level 3 fair value \$'000
Fair value as at 1 July 2015	4,655	4,655
Revaluation increments/decrements recognised in other comprehensive income – included in line item 'Net increase/(decrease) in property, plant and equipment revaluation surplus'	96	96
Depreciation	(110)	(110)
<b>Fair value as at 30 June 2016</b>	<b>4,641</b>	<b>4,641</b>

Type (Level 3)	Valuation technique	Inputs	Relationship of unobservable inputs to fair value
Buildings	The EPA engaged the services of Colliers International Valuation & Advisory Services (CIVAS) to provide a comprehensive valuation using depreciated replacement cost (DRC) as the main valuation input.	The replacement cost (\$/m <sup>2</sup> ), gross floor area, total useful life, and remaining useful life are the inputs considered in deriving DRC.	There are a number of unobservable inputs affecting the fair value assessment of buildings. The fair value of buildings will increase if the cost of construction of the modern day equivalent of the building has increased. The fair value will decrease upon obsolescence or deteriorating condition of buildings. The fair value of buildings will also increase if the total useful life of the building has increased.

**(a) Fair value hierarchy**

2015	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total fair value \$'000
<b>Property, plant and equipment (Note 8)</b>				
Buildings	–	–	4,655	4,655
Plant and equipment	–	–	–	–
<b>Total</b>	<b>–</b>	<b>–</b>	<b>4,655</b>	<b>4,655</b>

There were no transfers between Level 1 or 2 during the period.

**(b) Valuation techniques, inputs and processes**

*(i) Highest and best use*

Non-financial assets are valued on a highest and best use basis.



*(ii) Level 3 measurements*

EPA non-financial assets classed as Level 3 in the fair value hierarchy are valued using a cost approach given that their use is specialised in nature and they are not actively traded in the marketplace. Cost has been derived using actual costs plus reference to industry costing guides based on the characteristics of the relevant asset.

Annual movements in industry costing guides or relevant indexes will result in corresponding changes to the fair value of EPA Level 3 assets.

**(c) Reconciliation of recurring Level 3 fair value measurements**

<b>2015</b>	<b>Buildings \$'000</b>	<b>Total recurring Level 3 fair value \$'000</b>
Fair value as at 1 July 2014	4,773	4,773
Revaluation increments/decrements recognised in other comprehensive income – included in line item 'Net increase/(decrease) in property, plant and equipment revaluation surplus'	(10)	(10)
Depreciation	(108)	(108)
<b>Fair value as at 30 June 2015</b>	<b>4,665</b>	<b>4,665</b>

**11. Restricted assets**

	<b>Consolidated</b>		<b>Environment Protection Authority</b>	
	<b>2016 \$'000</b>	<b>2015 \$'000</b>	<b>2016 \$'000</b>	<b>2015 \$'000</b>
<b>Current</b>				
Contributions	10,880	8,250	10,880	8,250
<b>Restricted cash</b>	<b>10,880</b>	<b>8,250</b>	<b>10,880</b>	<b>8,250</b>

The above amounts are recognised as restricted assets as there are specific legislative or contractual conditions associated with the use of these funds.

**12. Current liabilities****(a) Payables**

	<b>Consolidated</b>		<b>Environment Protection Authority</b>	
	<b>2016 \$'000</b>	<b>2015 \$'000</b>	<b>2016 \$'000</b>	<b>2015 \$'000</b>
Accrued salaries, wages and on-costs	427	1,804	–	–
Creditors	5,627	4,888	5,627	4,888
Redundancies	735	–	735	–
Unearned revenue	–	10	–	10
Payable to the EPA Staff Agency	–	–	427	1,804
	<b>6,789</b>	<b>6,702</b>	<b>6,789</b>	<b>6,702</b>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 19.

**(b) Other**

	Consolidated		Environment Protection Authority	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Liability for unspent grant revenue (refer to Note 1(g)(i))	–	97	–	97
	–	97	–	97

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 19.

**13. Current/non-current liabilities – provisions**

	Consolidated		Environment Protection Authority	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Current</b>				
<b>Employee benefits and related on-costs</b>				
Annual leave*	4,537	4,135	–	–
Annual leave on-costs*	571	534	–	–
Long service leave on-costs**	2,576	2,222	–	–
Payable to the EPA Staff Agency	–	–	7,684	6,891
	<b>7,684</b>	<b>6,891</b>	<b>7,684</b>	<b>6,891</b>
<b>Non-current</b>				
Long service leave on-costs**	221	193	–	–
Payable to the EPA Staff Agency	–	–	221	193
	<b>221</b>	<b>193</b>	<b>221</b>	<b>193</b>
<b>Total provisions</b>	<b>7,905</b>	<b>7,084</b>	<b>7,905</b>	<b>7,084</b>
<b>Aggregate employee benefits and related on-costs</b>				
Provisions – current	7,684	6,891	–	–
Provisions – non-current	221	193	–	–
Accrued salaries, wages and on-costs (Note 12)	427	1,804	–	–
Payable to the EPA Staff Agency	–	–	8,332	8,888
	<b>8,332</b>	<b>8,888</b>	<b>8,332</b>	<b>8,888</b>

\* The value of employee benefits and related on-costs expected to be paid after 12 months is \$114,015.75.

\*\* The EPA's liabilities for long service leave are assumed by the Crown Entity. However the EPA has an obligation to meet the long service related on-costs.

## 14. Commitments for expenditure

	2016 \$'000	2015 \$'000
<b>(a) Commitments for expenditure</b>		
Capital commitments		
Aggregate capital expenditure for the acquisition of plant and equipment contracted for at balance date and not provided for:		
Not later than one year	–	98
<b>Total (including GST)</b>	<b>–</b>	<b>98</b>

As at 30 June 2016, the EPA did not have any leasing commitments (operating or finance).

## 15. Contingent liabilities and contingent assets

### Contingent liabilities

#### (a) Claims on the Treasury Managed Fund

The EPA is a member of the NSW Treasury Managed Fund (TMF) self-insurance scheme. The Fund manages civil claims against the EPA in relation to issues such as negligence and public liability. As at 30 June 2016, there were no claims on the Treasury Managed Fund.

#### (b) Other claims

A civil law suit is in progress in regard to declarations relating to the provisions of POEO (Waste) Regulation 2014 that deals with the storage and transfer of waste in and out of NSW.

There are presently no other unresolved disputes where legal action has been taken against the EPA.

Other than the above, the EPA is not aware of any significant or material contingent liability in existence at 30 June 2016 or which has emerged subsequent to this date, which may materially impact on the financial position of the EPA as shown in the financial statements.

### Contingent assets

There are no known contingent assets at balance date.

## 16. Budget review

**Net Result: \$7.70 million against the budget of (\$1.26 million) – a variance of \$8.96 million**

Higher than budgeted net result was primarily due to:

- The major reason for the variation in overall movement in total expenses of \$2.6 million was due to approval during the year of the NSW Government response to the Williamstown RAAF Base contamination, resulting in additional grants to agencies assisting the EPA in this work as well as an increase of \$0.6 million in employee related.
- Additional revenue received: \$4.8 million for Gas Plan as well as \$5 million for Williamstown RAAF Base contamination, increased grants for waste programs of \$2.6 million, \$1.0 million from cost recovery radiation licensing and \$0.9 million from licensing administration fees. Some of these funds have been carried over to later years to be spent due to expected timing of the projects.
- Net increase in Crown Entity acceptance of calculation of future employee benefits (\$1.5 million).

## Net Assets: \$23.5 million against the budget of \$11.9 million – a variance of \$11.6 million

Major impact on net assets is the receipt of restricted grant funds and a positive net operating result increasing cash at bank (\$15.0 million), as well as an increase in receivables (\$1.4 million). Partly offsetting these increases was an increase in current and total liabilities (\$4.7 million).

### Cash Flows

An overall increase in total payments of \$2.6 million, including increased employee related payments of \$3.8 million offset in part by lower operating costs and higher grants (\$3.2 million). Total receipts increased by \$14.8 million, including an increase in grants of \$7.7 million, licensing fees of \$3.8 million and other revenue of \$3.1 million and cash received from the Crown Entity of \$1.4 million.

## 17. Reconciliation of cash flows from operating activities to net result

	Consolidated		Environment Protection Authority	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Net cash from operating activities	9,611	13,299	9,611	13,299
Depreciation and amortisation	(1,488)	(423)	(1,488)	(423)
Gain/(Loss) on disposal of asset	(126)	–	(126)	–
Increase/(decrease) in receivables	511	(461)	511	(461)
Decrease/(increase) in provisions	(821)	(460)	–	–
Decrease/(increase) in creditors	11	(2,420)	(810)	(2,880)
<b>Net result</b>	<b>7,698</b>	<b>9,535</b>	<b>7,698</b>	<b>9,535</b>

## 18(a) Administered assets, liabilities and income

	2016 \$'000	2015 \$'000
<b>Administered assets</b>		
Receivables	2,383	2,254
Allowance for impairment	(544)	(544)
Cash	1,827	5,146
Remittance clearing	734,497	(441)
Accrued income	4,062	8,524
<b>Total administered assets</b>	<b>742,225</b>	<b>14,939</b>
<b>Administered liabilities</b>		
Creditors	(276)	(4,793)
<b>Total administered liabilities</b>	<b>(276)</b>	<b>(4,793)</b>

<b>Administered income</b>		
Pollution licences and approvals	27,913	24,039
Radiation licences	(1)	2,018
Other fees and licences	2	218
Waste-related levies and fees	688,944	572,541
Coal wash levy	12,052	15,037
Waste levy rebates	(52)	(27)
Fines	2,706	882
<b>Total administered income</b>	<b>731,564</b>	<b>614,708</b>

Above receipts were collected by the EPA on behalf of the Consolidated Fund. These are not included in the EPA's Statement of Comprehensive Income. They are brought to account as revenue in the Treasurer's Public Accounts.

### 18(b) Administered income – debts written off

	<b>2016 \$'000</b>	<b>2015 \$'000</b>
Debts written off	–	–
<b>Total</b>	<b>–</b>	<b>–</b>

## 19. Financial instruments

The EPA's principal financial instruments are outlined below. These financial instruments arise directly from the EPA's operations or are required to finance these operations. The EPA does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The EPA's main risks arising from financial instruments are outlined below, together with the EPA's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Chair and Chief Executive Officer of the EPA has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the EPA, to set risk limits and controls, and to monitor risks. Compliance with policies is reviewed by the Audit and Risk Committee/internal auditors on a periodic basis.

### (a) Financial instrument categories

<b>Financial assets</b>	<b>Notes</b>	<b>Category</b>	<b>Carrying amount 2016 \$'000</b>	<b>Carrying amount 2015 \$'000</b>
<b>Class:</b>				
Cash and cash equivalents	6	n/a	22,408	16,599
Receivables*	7	Loans and receivables (at amortised cost)	2,491	2,057

Financial liabilities				
<b>Class:</b>				
Payables**	12	Financial liabilities measured at amortised cost	6,362	4,888

\* Excludes GST receivables and prepayments (i.e. not within the scope of AASB 7).

\*\* Excludes GST payables and unearned revenue (i.e. not within the scope of AASB 7).

## (b) Credit risk

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to the EPA. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the EPA, including cash and receivables. No collateral is held by the EPA. The EPA has not granted any financial guarantees.

Credit risk associated with the EPA's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

### Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances of specified restricted cash at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate, adjusted for a management fee to NSW Treasury.

### Receivables – trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectable are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. Sales are made on 30 day terms.

The EPA is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due is \$738,828 (2015: \$512,279) and not less than one month past due is \$76,088 (2015: \$8409) are not considered impaired. Together, these represent 73% of the total trade debtors. Most of the EPA's debtors have a AAA credit rating. There are no debtors which are currently not past due or impaired whose terms have been renegotiated.

The only financial assets that are past/due or impaired are 'sales of goods and services' in the 'receivables' category of the statement of financial position.

	Total*	Past due but not impaired* \$'000	Considered impaired* \$'000
<b>2016</b>			
< 3 months overdue	321	298	23
3 – 6 months overdue	27	27	–
> 6 months overdue	26	–	26

<b>2015</b>			
< 3 months overdue	611	611	—
3 – 6 months overdue	—	—	—
> 6 months overdue	—	—	—

Each column in the table reports 'gross receivables'.

\* The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired. Therefore, the 'total' will not reconcile to the receivables total recognised in the Statement of Financial Position.

### (c) Liquidity risk

Liquidity risk is the risk that the EPA will be unable to meet its payment obligations when they fall due. The EPA continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances.

During the current and prior year, there were no defaults of loans payable. No assets have been pledged as collateral. The EPA's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Head of an authority (or a person appointed by the Head of an authority) may automatically pay the supplier simple interest.

The rate of interest applied during the year was 10.3% (2015: 10.6%).

The table below summarises the maturity profile of the EPA's financial liabilities, together with the interest rate exposure.

		\$'000						
	Weighted average effective interest rate	Nominal amount*	Interest rate exposure			Maturity dates		
			Fixed interest rate	Variable interest rate	Non-interest bearing	< 1 year	1–5 years	> 5 years
<b>2016</b>								
Payables		6,362	—	—	6,362	6,362	—	—
		<b>6,362</b>	<b>—</b>	<b>—</b>	<b>6,362</b>	<b>6,362</b>	<b>—</b>	<b>—</b>
<b>2015</b>								
Payables		4,888	—	—	4,888	4,888	—	—
		<b>4,888</b>	<b>—</b>	<b>—</b>	<b>4,888</b>	<b>4,888</b>	<b>—</b>	<b>—</b>

\* The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the entity can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the Statement of Financial Position.



**(d) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The EPA has no exposure to foreign currency risk and does not enter into commodity contracts. The EPA has no borrowings.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the EPA operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date. The analysis is performed on the same basis as for 2015. The analysis assumes that all other variables remain constant.

**Interest rate risk**

The EPA does not account for any fixed-rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The EPA's exposure to interest rate risk is set out below.

	\$'000				
	Carrying amount	-1%		1%	
		Profit	Equity	Profit	Equity
<b>2016</b>					
<b>Financial assets</b>					
Cash and cash equivalents	22,408	(224)	(224)	224	224
Receivables	2,491	(25)	(25)	25	25
<b>Financial liabilities</b>					
Payables	6 362	64	64	(64)	(64)
<b>2015</b>					
<b>Financial assets</b>					
Cash and cash equivalents	16,599	(166)	(166)	166	166
Receivables	2,057	(21)	(21)	21	21
<b>Financial liabilities</b>					
Payables	4,888	49	49	(49)	(49)

**(e) Fair value compared to carrying amount**

Financial instruments are generally recognised at cost, with the exception of the TCorp Hour-Glass facilities, which are measured at fair value.

The amortised cost of financial instruments recognised in the Statement of Financial Position approximates fair value because of the short-term nature of the financial instruments.

**20. Events after the reporting period**

The EPA is not aware of any circumstances that occurred after balance date which would render particulars included in the financial statements to be misleading.

**End of audited financial statements**

# Environment Protection Authority Staff Agency financial statements

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## ENVIRONMENT PROTECTION AUTHORITY STAFF AGENCY

### Financial Statements

**For the year ended 30 June 2016**

Pursuant to Section 41C of the *Public Finance and Audit Act 1983*, we state that:

- a) the accompanying financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the applicable clauses of the Public Finance and Audit Regulation 2015, Australian Accounting Standards, the Financial Reporting Code for NSW General Government Sector Entities and the Treasurer's Directions;
- b) the statements exhibit a true and fair view of the financial position and transactions of the Staff Agency; and
- c) there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

  
.....  
**Barry Buffier AM**

Chair and Chief Executive Officer, EPA

13 September 2016

  
.....  
**Chris Knoblanche AM**

EPA Board Member

13 September 2016



## INDEPENDENT AUDITOR'S REPORT

### Environment Protection Authority Staff Agency

To Members of the New South Wales Parliament

#### Opinion

I have audited the accompanying financial statements of Environment Protection Authority Staff Agency (the Agency), which comprise the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Agency as at 30 June 2016, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

#### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report.

I am independent of the Agency in accordance with the auditor independence requirements of:

- Australian Auditing Standards
- ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (the Code).

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **The Board's Responsibility for the Financial Statements**

The members of the Board are responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act and for such internal control as the members of the Board determine is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Board must assess the Agency's ability to continue as a going concern unless the Agency will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must include, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

### **Auditor's Responsibility for the Audit of the Financial Statements**

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A further description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Agency carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented.



Caroline Karakatsanis  
Director, Financial Audit Services

21 September 2016  
SYDNEY

**Beginning of audited financial statements**

**Environment Protection Authority Staff Agency**  
**Statement of Comprehensive Income**  
 For the year ended 30 June 2016

	Notes	Actual 2016 \$'000	Actual 2015 \$'000
<b>Expenses excluding losses</b>			
Operating expenses			
Employee related	2	67,588	59,764
<b>Total expenses excluding losses</b>		<b>67,588</b>	<b>59,764</b>
<b>Revenue</b>			
Personnel services	3	67,588	59,764
<b>Total revenue</b>		<b>67,588</b>	<b>59,764</b>
<b>Net result</b>		<b>–</b>	<b>–</b>
Other comprehensive income		–	–
<b>Total comprehensive income</b>		<b>–</b>	<b>–</b>

*The accompanying notes form part of these financial statements.*

# Environment Protection Authority Staff Agency

## Statement of Financial Position

### As at 30 June 2016

	Notes	Actual 2016 \$'000	Actual 2015 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Receivables from the EPA	4	8,332	8,888
<b>Total current assets</b>		<b>8,332</b>	<b>8,888</b>
<b>Total assets</b>		<b>8,332</b>	<b>8,888</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Payables	5	427	1,804
Provisions	6	7,684	6,891
<b>Total current liabilities</b>		<b>8,111</b>	<b>8,695</b>
<b>Non-current liabilities</b>			
Provisions	6	221	193
<b>Total non-current liabilities</b>		<b>221</b>	<b>193</b>
<b>Total liabilities</b>		<b>8,332</b>	<b>8,888</b>
<b>Net assets</b>		<b>–</b>	<b>–</b>
<b>Equity</b>			
Accumulated funds		–	–
<b>Total equity</b>		<b>–</b>	<b>–</b>

*The accompanying notes form part of these financial statements.*

Environment Protection Authority Staff Agency  
**Statement of Changes in Equity**  
 For the year ended 30 June 2016

	Notes	Accumulated funds \$'000	Total \$'000
Balance at 1 July 2015		–	–
<b>Net result for the period</b>		–	–
Other comprehensive income			
<b>Total other comprehensive income</b>		–	–
<b>Total comprehensive income for the year</b>		–	–
<b>Transactions with owners in their capacity as owners</b>		–	–
<b>Balance at 30 June 2016</b>		–	–
Balance at 1 July 2014		–	–
<b>Net result for the year</b>		–	–
Other comprehensive income			
<b>Total other comprehensive income</b>		–	–
<b>Total comprehensive income for the year</b>		–	–
<b>Balance at 30 June 2015</b>		–	–

*The accompanying notes form part of these financial statements.*

Environment Protection Authority Staff Agency  
**Statement of Cash Flows**  
 For the year ended 30 June 2016

	Actual 2016 \$'000	Actual 2015 \$'000
<b>Cash flows from operating activities</b>		
<b>Payments</b>		
Employee related	–	–
<b>Total payments</b>	–	–
<b>Receipts</b>		
Personnel services	–	–
<b>Total receipts</b>	–	–
<b>Net cash flows from operating activities</b>	–	–
<b>Net increase/(decrease) in cash</b>	–	–
Opening cash and cash equivalents	–	–
<b>Closing cash and cash equivalents</b>	–	–

*The accompanying notes form part of these financial statements.*



## Notes to and forming part of the financial statement for the year ended 30 June 2016

### 1. Summary of significant accounting policies

#### (a) Reporting entity

The Environment Protection Authority Staff Agency (the 'Staff Agency') is a Division of the Government Service responsible to the Minister for the Environment established under the Administrative Arrangements Order 2014 (the Order), dated 29 January 2014. Under the order, the former Office of Environment Protection Authority became the Staff Agency, which is deemed a continuing agency for reporting purposes.

The Staff Agency is a not for profit entity with the sole objective of providing personnel services to the Environment Protection Authority (EPA).

The Staff Agency is a controlled entity of the EPA. The Staff Agency is consolidated with the EPA and is part of the NSW total State Sector Accounts.

Apart from employee related liabilities and provisions and corresponding receivable from the EPA, the Staff Agency does not have any other assets or liabilities under its control.

These financial statements for the period ended 30 June 2016 have been authorised for issue by the Chair and Chief Executive Officer, EPA on 13 September 2016.

#### (b) Basis of preparation

The Staff Agency's financial statements are general purpose financial statements which have been prepared on an accruals basis in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and Public Finance and Audit Regulation 2015
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

Generally the historical cost basis of accounting has been adopted and the financial report does not take into account the time value of money or current valuation.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

#### (c) Statement of compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

#### (d) Income recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of income are discussed below.

##### (i) Personnel services revenue

Revenue from EPA employee benefits and related on-costs is recognised in full when the services are provided.

**(e) Assets****(i) Receivables**

Receivables are recognised initially at fair value, usually based on the transaction cost, or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount since the effect of discounting is immaterial.

**(ii) Impairment of financial assets**

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

For financial assets carried at amortised costs, the amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the net result for the year.

**(f) Liabilities****(i) Payables**

These amounts represent liabilities for goods and services provided to the Staff Agency and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest are measured at the original amount since the effect of discounting is immaterial.

**(ii) Employee benefits and other provisions**

The Staff Agency provides personnel services to the EPA.

***(a) Salaries and wages, annual leave, sick leave and on-costs***

Salaries and wages (including non-monetary benefits), and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave is not expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with *AASB 119 Employee Benefits* (although short-cut methods are permitted).

Actuarial advice obtained by Treasury has confirmed that the use of an approach using nominal annual leave plus annual leave on the nominal liability (using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The Staff Agency has assessed the actuarial advice based on its circumstances and has determined that the effect of discounting is immaterial to annual leave.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

**(b) Long service leave and superannuation**

The Staff Agencies' liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The Staff Agency accounts for the liability as having been extinguished give rise to not disclose 'Acceptance by the Crown Entity Revenue' because the EPA (not the Staff Agency) discloses these in their accounts.

Long service leave is measured at present value in accordance with *AASB 119 Employee Benefits*. This is based on the application of certain factors (specified in NSWTC 15-09) to employees with five or more years of service, using current rates of pay. These factors were determined on an actuarial review to approximate present value.

The superannuation expense for the financial year is determined using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes, (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employee's salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

**(c) Consequential on-costs**

Consequential costs to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. This includes outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax.

**(g) Equity and reserves**

The category 'Accumulated funds' includes all current and prior period retained funds.

**(h) Comparative information**

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

**(i) Changes in accounting policy, including new or revised Australian Accounting Standards**

The accounting policies applied in 2015–16 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have been applied for the first time in the year to 30 June 2016:

- AASB 2014-1 (Part D) regarding Regulatory Deferral Accounts
- AASB 2015-3 regarding withdrawal of AASB 1031 Materiality
- AASB 2015-4 regarding amendments to *AASB 128 Investments in Associates and Joint Ventures* relating to financial reporting requirements for Australian groups with a foreign parent.

The impact of the standards in the period of initial application has not resulted in a material impact on the financial statements.

**Issued but not yet effective**

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise.

The following new Accounting Standards have not been applied and are not yet effective (NSW Treasury mandate TC 16/02):

- AASB 9 and AASB 2014-7 regarding financial instruments
- AASB 14 and AASB 2014-1(Part E) regarding regulatory deferral accounts

- AASB 15, AASB 2014-5 and AASB 2015-8 regarding revenue from contracts with customers
- *AASB 1056 Superannuation Entities*
- *AASB 1057 and AASB 2015-9 Application of Australian Accounting Standards*
- AASB 2014-3 regarding accounting for acquisitions of interests in joint operations
- AASB 2014-4 regarding acceptable methods of depreciation and amortisation
- AASB 2014-6 regarding bearer plants
- AASB 2014-9 regarding equity method in separate financial statements
- AASB 2014-10 and AASB 2015-10 regarding the sale or contribution of assets between an investor and its associate or joint venture
- AASB 2015-1 regarding annual improvements to Australian Accounting Standards 2012–2014 cycle
- AASB 2015-2 regarding amendments to AASB 101 (disclosure initiative)
- AASB 2015-5 Amendments to *Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception*
- AASB 2015-6 Amendments to *Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities*
- AASB 2015-7 Amendments to *Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities*.

These standards have been assessed for their possible impact on the financial statements, if any, in the period of their initial application. The assessment concluded that there will be no material impact. However additional disclosures are expected as a result of the application of AASB 2015-6 Amendments to *Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities*.

## 2. Expenses excluding losses

### Employee related expenses

	2016 \$'000	2015 \$'000
Salaries and wages (including recreation leave)	53,330	47,831
Superannuation – defined benefit plans	1,062	1,155
Superannuation – defined contribution plans	4,482	3,844
Long service leave	4,052	3,337
Workers' compensation insurance	191	166
Payroll tax and fringe benefits tax	3,478	2,999
Other	995	432
	<b>67,590</b>	<b>59,764</b>

## 3. Revenue

### Personnel services

	2016 \$'000	2015 \$'000
Personnel services to the EPA	67,590	59,764
	<b>67,590</b>	<b>59,764</b>

#### 4. Current/non-current assets – receivables

	2016 \$'000	2015 \$'000
<b>Current</b>		
<b>Receivable from the EPA</b>		
Accrued salaries	427	1,804
Employee provisions	7,905	7,084
	<b>8,332</b>	<b>8,888</b>
<b>Non-current</b>		
<b>Receivable from the EPA</b>		
Employee provisions	–	–
<b>Total receivables</b>	<b>8,332</b>	<b>8,888</b>

#### 5. Current liabilities – payables

	2016 \$'000	2015 \$'000
Accrued salaries, wages and on-costs*	427	1,804
	<b>427</b>	<b>1,804</b>

\* Details regarding credit risk, liquidity risk and market risk, including maturity analysis of the above payables are discussed in Note 8.

#### 6. Current/non-current liabilities – provisions

	2016 \$'000	2015 \$'000
<b>Current</b>		
<b>Employee benefits and related on-costs</b>		
Annual leave	4,537	4,135
Annual leave on-costs	571	534
Long service leave on-costs	2,576	2,222
<b>Total current</b>	<b>7,684</b>	<b>6,891</b>
<b>Non-current</b>		
Annual leave	–	–
Long service leave on-costs	221	193
<b>Total non-current</b>	<b>221</b>	<b>193</b>
<b>Total provisions</b>	<b>7,905</b>	<b>7,084</b>
<b>Aggregate employee benefits and related on-costs</b>		
Provisions – current	7,684	6,891
Provisions – non-current	221	193
Accrued salaries, wages and on-costs	427	1,804
	<b>8,332</b>	<b>8,888</b>

## 7. Reconciliation of cash flows from operating activities to net result

	2016 \$'000	2015 \$'000
Net cash from operating activities	–	–
Increase/(decrease) in receivables	(557)	815
Decrease/(increase) in provisions	(821)	(460)
Decrease/(increase) in creditors	1,378	(355)
<b>Net result</b>	<b>–</b>	<b>–</b>

## 8. Financial instruments

The Staff Agency's principal financial instruments are outlined below. These financial instruments arise directly from the Staff Agency's operations or are required to finance these operations. The Staff Agency does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Staff Agency's main risks arising from financial instruments are outlined below, together with the Staff Agency's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Chair and the Chief Executive Officer of the EPA has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Staff Agency, to set risk limits and controls, and to monitor risks. Compliance with policies is reviewed by the Audit and Risk Committee and Internal auditors on a continuous basis.

### (a) Financial instrument categories

Financial assets	Notes	Category	Carrying amount 2016 \$'000	Carrying amount 2015 \$'000
<b>Class:</b> Receivables*	4	Loans and receivables (at amortised cost)	8,332	8,888
Financial liabilities	Notes	Category	Carrying amount 2016 \$'000	Carrying amount 2015 \$'000
<b>Class:</b> Payables**	5	Financial liabilities measured at amortised cost	427	1,804

\* Excludes GST receivables and prepayments (i.e. not within the scope of AASB 7).

\*\* Excludes GST payables and unearned revenue (i.e. not within the scope of AASB 7).

### (b) Credit risk

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to the Staff Agency. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Staff Agency, including cash and receivables. No collateral is held by the Staff Agency. The Staff Agency has not granted any financial guarantees.

Credit risk associated with the Staff Agency's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

### Receivables – trade debtors

Receivables are restricted to accrued income for personnel services provided and employees leave provisions and are recognised as amounts receivable at balance date. The parent entity of Environment Protection Authority Staff Agency is the sole debtor of the Entity and it is assessed that there is no risk of default. No accounts receivables are classified as past due but not Impaired or considered Impaired. All trade debtors are recognised as amounts receivable at balance date. No interest is earned on trade debtors.

### (c) Liquidity risk

Liquidity risk is the risk that the Staff Agency will be unable to meet its payment obligations when they fall due. The Staff Agency continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets.

During the current and prior year, there were no defaults of loans payable. No assets have been pledged as collateral. The Staff Agency's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Head of an authority (or a person appointed by the Head of an authority) may automatically pay the supplier simple interest. The rate of interest applied during the year was 10.3% (2014: 10.6%).

The table below summarises the maturity profile of the Staff Agency's financial liabilities, together with the interest rate exposure.

		\$'000						
	Weighted average effective interest rate	Nominal amount*	Interest rate exposure			Maturity dates		
			Fixed interest rate	Variable interest rate	Non-interest bearing	< 1 year	1–5 years	> 5 years
<b>2016</b>								
Payables		427	–	–	427	427	–	–
		<b>427</b>	–	–	<b>427</b>	<b>427</b>	–	–
<b>2015</b>								
Payables		1,804	–	–	1,804	1,804	–	–
		<b>1,804</b>	–	–	<b>1,804</b>	<b>1,804</b>	–	–

\* The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities and therefore will not reconcile to the Statement of Financial Position.



**(d) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Staff Agency has no exposure to foreign currency risk and does not enter into commodity contracts. The Staff Agency has no borrowings.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Staff Agency operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date. The analysis is performed on the same basis as for 2015. The analysis assumes that all other variables remain constant.

**Interest rate risk**

The Staff Agency does not account for any fixed-rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Staff Agency's exposure to interest rate risk is set out below.

	\$'000				
	Carrying amount	-1%		1%	
		Profit	Equity	Profit	Equity
<b>2016</b>					
<b>Financial assets</b>					
Receivables	8,332	(83)	(83)	83	83
<b>Financial liabilities</b>					
Payables	427	4	4	(4)	(4)
<b>2015</b>					
<b>Financial assets</b>					
Receivables	8,888	(89)	(89)	(89)	(89)
<b>Financial liabilities</b>					
Payables	1,804	18	18	(18)	(18)

**(e) Fair value compared to carrying amount**

Financial instruments are generally recognised at cost.

The amortised cost of financial instruments recognised in the Statement of Financial Position approximates fair value because of the short-term nature of the financial instruments.

**Related parties**

The Environment Protection Authority is deemed to control the Environment Protection Authority Staff Agency in accordance with Australian Accounting Standards.

Transactions and balances in these financial statements relate only to the Staff Agency's function as provider of personnel services to the controlling entity. The Staff Agency's total income is sourced from the Environment Protection Authority.

Cash receipts and payments are effected by the Environment Protection Authority on the entity's behalf.

## **9. Events after the reporting period**

The Staff Agency is not aware of any circumstances that occurred after balance date which would render particulars included in the financial statements to be misleading.

**End of audited financial statements**

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